

THE O'TOOLE LAW FIRM

ATTORNEYS AT LAW

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June 29, 2006

Ms. Kim Muratore, Case Developer (SFD-7-B)
U.S. Environmental Protection Agency
Region 9
75 Hawthorne Street
San Francisco, CA 94105

Re: Response to CERCLA 104(e) Information Request NHOU – Part 2 of 2

Dear Ms. Muratore:

This firm represents several family trusts that jointly own the real property parcel located at 11310 Sherman Way, Sun Valley, California 91352, as follows: The Wagner Residual "A" Trust, The Wagner Residual "B" Trust and The Wagner Marital Trust (hereafter "the Wagner Trusts"), and the Basinger Trust B (the Exemption Trust) and the Basinger Trust C (the Marital Trust) (hereafter "the Basinger Trusts").

On April 11, 2006, Elizabeth Adams of U.S. EPA – Region 9 sent separate information requests to Linda Wagner Lipscomb, as trustee of the Wagner Trusts and to Viola M. Basinger, as trustee of the Basinger Trusts. The information requests were issued pursuant to Section 104(e) of the federal Comprehensive Environmental Response, Compensation and Liability Act (the "Requests"), and set a response deadline of 30 days following receipt of the Requests by the trustees of the Basinger Trusts and the Wagner Trusts (hereafter referred to collectively as "the BW Trusts"). Both Requests were received on April 17, 2006.

By agreement with Michael Massey, Esq., the deadline for delivery of the initial portion of the BW Trusts' responses to the Requests was extended until Tuesday, May 23, 2006. Under that agreement, the BW Trusts were to submit a combined response ("BW Trusts' Response") in two parts, with the second part to be submitted in mid-June 2006 (later extended to June 30, 2006). Each of the Requests varied slightly in the number of individual items, but covered the same basic information. The initial portion

of the BW Trusts' Response was submitted timely and included responses to the following items in each Request:

Request # 1, 2a, 3a, 2b, 3b, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38 and 39 to the Basinger Trusts.

Request # 1, 2a, 3a, 2b, 3b, 5, 6, 7, 8, 9, 10, 11, 12, 13, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28 and 29 to the Wagner Trusts.

The deadline for submittal of the remaining, second portion of the BW Trusts' Response is Friday, June 30, 2006. That portion of the BW Trusts' Response is enclosed with this letter and includes responses to the following items in each Request:

Request # 2c, 3c, 4c, 2d, 3d, 4d, 2e, 3e, 4e, 5a-e, 6a-e, 18, 19 and 20 to the Basinger Trusts.

Request # 2c, 3c, 2d, 3d, 2e, 3e, 4a-e, 14 and 15 to the Wagner Trusts.

It should be noted that Gordon and Peggy Wagner are both deceased. Ms. Lipscomb's tenure as trustee of the Wagner Trusts commenced only a few months ago, upon the death of the previous trustee, Peggy Wagner. Joseph Basinger is also deceased. Viola Basinger is incapacitated, and her son, Mr. Don Basinger, holds her power of attorney for matters concerning the Basinger Trusts.

In preparing the BW Trusts' Response, all available and relevant documents and records in the possession, custody and control of the trustees were reviewed. Should the trustees discover any additional, non-privileged documents or records that are responsive to the Requests, we will forward them to you promptly.

In submitting this response, the BW Trusts are not withholding any responsive documents or other records based on any claim of legal privilege. However, this response does not include any records of communications or transmittals of information to or from this firm, which may have occurred in the course of preparing the BW Trusts' Response to the Requests.

All information contained in the BW Trusts' Response relating to the documents establishing the various BW Trusts, financial information regarding the assets and liabilities of the BW Trusts, and Federal and California tax returns of the BW Trusts are **CONFIDENTIAL INFORMATION**, and the trustees of the BW Trusts insist that such information must be treated as confidential by U.S. EPA pursuant to 42 U.S.C. 9604(e), 42 U.S.C. 6927(b), and 40 CFR 2.203(b). All such confidential information is contained in Exhibits T and U attached to the BW Trusts' Response, and is clearly stamped as "Confidential." The trustees of the BW Trusts expect that U.S. EPA will maintain the

Ms. Kim Muratore, Case Developer (SFD-7-B)
U.S. Environmental Protection Agency
June 29, 2006
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THE O'TOOLE LAW FIRM

confidentiality of Exhibits T and U permanently. None of the information in Exhibits T and U has been disclosed to anyone other than the Internal Revenue Service, U.S. EPA-Region IX, and the legal counsel and financial consultants who advise the trustees. None of the information contained in Exhibit T regarding the Basinger Trusts has been disclosed to the trustee of the Wagner Trusts. None of the information contained in Exhibit U regarding the Wagner Trusts has been disclosed to the trustee of the Basinger Trusts. Information such as that contained in Exhibits T and U is typically considered to be confidential, and the trustees of the BW Trusts assert that disclosure of the information would result in a substantial invasion of privacy and other harmful effects to the BW Trusts and each of them.

All future correspondence regarding the Requests and any other portion of the April 11, 2006 "general notice" letters to the trustees of the BW Trusts should be directed to me. My telephone number is (213) 630-4200 or 4220, and the fax number is (213) 683-1148. My e-mail address is otoolelaw@earthlink.net. My address for all U.S. mail is The O'Toole Law Firm, P.O. Box 352348, Los Angeles, CA 90035-0260. My street address, for courier packages only, is The O'Toole Law Firm, 333 S. Grand Avenue, Los Angeles, CA 90071.

Once you have had an opportunity to review either or both portions of the BW Trusts' Response to the Requests, please call me to discuss any questions you may have.

Very truly yours,

A handwritten signature in cursive script that reads "Patricia M. O'Toole". The signature is written in dark ink and is positioned above the printed name.

Patricia M. O'Toole

Enclosures

cc: Ms. Linda Wagner Lipscomb
Mr. Don Basinger, Attorney-in-Fact for Ms. Viola Basinger

**BW TRUSTS' JUNE 29, 2006
RESPONSE TO CERCLA 104(e) INFORMATION REQUEST – NHOU**

VOLUME 1 OF 3



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

RETURN RECEIPT REQUESTED

Certified Mail #: 7005 3110 0002 8246 8988

APR 11 2006

Viola M. Basinger, Trustee
JW & VM Basinger Trust PT
c/o Don Basinger

FX-6 Personal Privacy

Re: General Notice Letter/104(e) for the San Fernando Valley/North Hollywood
Superfund Site
North Hollywood, California

Dear Ms. Basinger:

Under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), commonly known as the federal "Superfund" law, the U.S. Environmental Protection Agency ("EPA") is responsible for responding to the release or threat of release of hazardous substances and pollutants or contaminants into the environment—that is, for stopping further contamination from occurring and for cleaning up or otherwise addressing any contamination that has already occurred. EPA has documented that hazardous substances and pollutants or contaminants were released at the San Fernando Valley Area 1 site, North Hollywood Operable Unit ("NHOU" or "the Site"), located in Los Angeles County, California. EPA has spent public funds to investigate and control releases of hazardous substances or potential releases of hazardous substances at the Site. EPA has determined that the JW & VM Basinger Trust PT ("the Trust") may be responsible under Superfund for cleanup of the Site or costs EPA has incurred in cleaning up the Site.

Explanation of Potential Liability

Under CERCLA, specifically Sections 106(a) and 107(a), potentially responsible parties ("PRPs") may be required to perform cleanup actions to protect the public health, welfare, or the environment. PRPs may also be responsible for costs incurred by EPA in cleaning up the Site. PRPs include current owners or operators of a site, former owners or operators during disposal, as well as persons who arranged for treatment and/or disposal of any hazardous substances found at the site and persons who accepted hazardous substances for transport and selected the site to which the hazardous substances were delivered.

Based on the information collected, EPA believes that the Trust may be liable for contamination of soils and groundwater at the Site under Section 107(a) of CERCLA. Liability is based on the Trust's status as a current owner of real property within the Site, from which contaminants, including but not limited to trichloroethylene ("TCE") and tetrachloroethylene ("PCE"), were released into the environment.

To date, EPA has taken several response actions at the Site under the authority of CERCLA. In 1989, EPA issued an Interim Record of Decision ("ROD") in which EPA selected an interim remedy for the Site. The interim remedy, which was expected to last fifteen years, required the extraction and treatment of PCE and TCE from groundwater and delivery of the treated groundwater to the City of Los Angeles's public drinking water system. Since 1989, EPA has funded the operation and maintenance ("O&M") of the interim remedy. Initially, EPA funded the O&M using Superfund money. Subsequently, EPA entered into two consent decrees with PRPs at the Site, including one to which Joseph Basinger, as an individual, was a signatory. EPA has used the funds recovered in those settlements to fund the O&M of the interim remedy. At this time, the EPA is considering selecting further remedial actions at the Site.

EPA will incur further costs to evaluate, select, and implement further response actions at the Site. This general notice letter provides you with advance notice that EPA may seek to recover its costs from the Trust for such response actions, and/or may ask the Trust to perform work at the Site.

Financial Concerns/Ability to Pay Settlements

EPA is aware that the financial ability of some PRPs to contribute toward the payment of response costs at the Site may be substantially limited. If you believe, and can document, that the Trust falls within that category, please contact Kim Muratore of EPA at 75 Hawthorne Street, San Francisco, CA, 94105, (415) 972-3121, muratore.kim@epa.gov, for information on "Ability-to-Pay Settlements." If you make a limited-ability-to-pay claim on behalf of the Trust, you will receive a letter requesting certain financial information from the Trust such as tax returns, financial statements, etc., that EPA will use to conduct its analysis. If EPA concludes that the Trust has a legitimate inability to pay the full amount of EPA's costs, EPA may offer a schedule for payment over time or a reduction in the total amount demanded from the Trust.

Information to Assist the Trust

EPA would like to encourage communication between the Trust, other PRPs, and EPA. EPA typically recommends that all PRPs meet to select a "steering committee" that will be responsible for representing the group's interests. Establishing a manageable group is critical to successful negotiations with EPA. If this is not possible, EPA encourages each PRP to select one person from its company or organization to represent its interests to EPA. To assist the Trust in its efforts to communicate, we have enclosed a list of names and addresses of PRPs to whom this letter, or a very similar letter, is being sent. (Enclosure A)

EPA will establish an Administrative Record that contains documents that serve as the basis for EPA's selection of further cleanup actions for the Site. The Administrative Record for the 1989 ROD is located at the Los Angeles Department of Water and Power Library, 111 North Hope Street, Room 516, Los Angeles, CA, phone (213) 367-1995, and is available to the Trust and the public for inspection. The Administrative Record is also available for inspection at the Superfund Records Center, EPA Region 9, 95 Hawthorne Street, 4th floor, San Francisco, CA 94105. As EPA moves forward with selection of further response actions for the Site, EPA will supplement the Administrative Record. EPA also may issue advance notice of the proposed action(s) for public comment.

Resources and Information for Small Businesses

As you may be aware, on January 11, 2002, President Bush signed into law the Superfund Small Business Liability Relief and Brownfields Revitalization Act. This Act contains several exemptions and defenses to CERCLA liability, that we suggest all parties evaluate. You may obtain a copy of the law via the Internet at <http://www.epa.gov/swerosps/bf/sblrbra.htm> and review EPA guidances regarding these exemptions at <http://www.epa.gov/compliance/resources/policies/cleanup/superfund>.

In addition, if you are a "service station dealer" who accepts used oil for recycling, you may qualify for an exemption from liability under Section 114(e) of CERCLA. EPA guidance regarding this exemption can be found on the Internet at <http://www.epa.gov/compliance/resources/policies/cleanup/superfund>. If you believe you may qualify for the exemption, please contact Assistant Regional Counsel Michael Massey at 75 Hawthorne Street, San Francisco, CA, 94105, 415-972-3034, or e-mail him at Massey.Michael@epa.gov, to request an application/information request specifically designed for service station dealers.

EPA has created a number of helpful resources for small business. EPA has established the National Compliance Assistance Clearinghouse as well as Compliance Assistance Centers which offer various forms of resources to small businesses. You may inquire about these resources at www.epa.gov. In addition, the EPA Small Business Ombudsman may be contacted at www.epa.gov/sbo. Finally, EPA developed a fact sheet about the Small Business Regulatory Enforcement Fairness Act ("SBREFA"), which is enclosed with this letter. (Enclosure B)

CERCLA 104(e) Information Request

EPA believes that the Trust may have information which could assist the California Regional Water Quality Control Board ("RWQCB") and EPA in their investigation of the groundwater at the Site, especially with regard to TCE, PCE, and chromium, and requests that the Trust answer the questions contained in Enclosure D. Definitions and instructions on how to respond to the questions are provided in Enclosure C.

Under Section 104(e) of CERCLA, 42 U.S.C. §9604(e), EPA has broad information gathering authority which allows EPA to require persons to furnish information or documents relating to:

(A) The identification, nature, and quantity of materials which have been or are generated, treated, stored, or disposed of at a vessel or facility or transported to a vessel or facility.

(B) The nature or extent of a release or threatened release of a hazardous substance or pollutant or contaminant at or from a vessel or facility.

(C) Information relating to the ability of a person to pay for or perform a cleanup.

Please note that the Trust's compliance with this information request is mandatory. Failure to respond fully and truthfully may result in an enforcement action by EPA pursuant to Section 104(e)(5) of CERCLA, 42 U.S.C. §9604(e)(5). This statutory provision authorizes EPA to seek the imposition of penalties of up to \$32,500 per day of noncompliance. Please be further advised that provision of false, fictitious, or fraudulent statements or representations may subject you to criminal penalties under 18 U.S.C. §1001. The information the Trust provides may be used by EPA in administrative, civil, or criminal proceedings.

Some of the information EPA is requesting may be considered by the Trust to be confidential. Please be aware that the Trust may not withhold the information upon that basis. If the Trust wishes EPA to treat the information confidentially, it must advise EPA of that fact by following the procedures outlined in Enclosure C, including the requirement for supporting its claim for confidentiality.

This request for information is not subject to review by the Office of Management and Budget ("OMB") under the Paperwork Reduction Act because it is not an "information collection request" within the meaning of 44 U.S.C. §§3502(3), 3507, 3512, and 3518(c)(1). See also, 5 C.F.R. §§1320.3(c), 1320.4, and 1320.6(a).

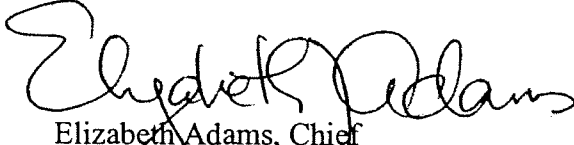
We encourage the Trust to give this matter immediate attention and request that it provide a complete and truthful response to this information request within thirty (30) calendar days of its receipt of this letter. EPA is committed to moving forward with its investigation and extensions of time for responses will only be granted upon a showing of good cause. If the Trust anticipates that it will need an extension, please request one as soon as possible. Requests for extensions made at or near the due date will not be viewed favorably by EPA. The Trust's response to this letter should be made in writing and signed by you or another duly authorized representative of the Trust. If some or all of the requested information has previously been provided to EPA, the Trust may incorporate that information by referencing the date of the earlier response and the information contained therein that is responsive to the current information request.

The Trust's response should include the appropriate name, address, and telephone number of the person to whom EPA should direct future correspondence in regard to this information request. The Trust's response to the information request should be directed to:

Kim Muratore, Case Developer (SFD-7-B)
U.S. EPA, Region 9
75 Hawthorne St.
San Francisco, CA 94105

Please also provide the appropriate name, address, and telephone number of the person to whom EPA should direct future correspondence with regard to the general notice portion of this letter. If the Trust has any questions regarding this letter or the Site's cleanup status, please contact the Remedial Project Manager, Rachel Loftin at (415) 972-3253, loftin.rachel@epa.gov. Questions regarding settlement or legal matters can be directed to Michael Massey at 415-972-3034 or e-mail at Massey.Michael@epa.gov. Thank you for your prompt attention to this matter.

Sincerely,



Elizabeth Adams, Chief
Site Cleanup Branch
Superfund Division

Enclosures (4)

cc: Patricia M. O'Toole, Esq.
The O'Toole Law Firm
P.O. Box 352348
Los Angeles, CA 90035-0260

ENCLOSURE D: INFORMATION REQUEST

1. State the full legal name, address, telephone number, position(s) held by, and tenure of the individual(s) answering any of the questions below on behalf of the JW & VM Basinger Trust PT ("the Trust").
2. Information obtained by EPA indicates that the Trust co-owns or co-owned together with the Wagner Trust the real property at 11310 Sherman Way, Sun Valley, California (the "Facility" or the "Hawker Pacific Facility"). EPA's information also indicates that the Facility was previously co-owned by the JW & VM Basinger PT ("Basinger PT") and the Wagner Trust, and before that by Joseph & Viola Basinger and Gordon & Peggy Wagner, as individuals. Henceforth, the term "Facility" shall be interpreted to include both the real property at 11310 Sherman Way, Sun Valley, California, and any improvements thereto. Provide the following information with respect to the Trust's ownership of the Facility:
 - a. The dates the Trust owned the Facility;
 - b. The parcel number(s) and corresponding street address(es) for the Facility;
 - c. A copy of each document evidencing the purchase, ownership, and sale of the Facility;
 - d. The current or last known address and phone number of any and all other current and previous owners of the Facility;
 - e. A copy of each lease, rental agreement, or any other document between the Trust and any business that operated at the Facility for all periods of time that the Trust owned the Facility; and
 - f. Each type of business, commercial, or industrial operation conducted at the Facility, and the name of each operator and the dates that each was operating.
3. Provide the following information with respect to the Basinger PT's ownership of the Facility:
 - a. The dates the Basinger PT owned the Facility;
 - b. The parcel number(s) and corresponding street address(es) for the Facility;
 - c. A copy of each document evidencing the purchase, ownership, and sale of the Facility;
 - d. The current or last known address and phone number of any and all other current and previous owners of the Facility;
 - e. A copy of each lease, rental agreement, or any other document between the Basinger PT and any business that operated at the Facility for all periods of time that the Basinger PT owned the Facility; and
 - f. Each type of business, commercial, or industrial operation conducted at the Facility, and the name of each operator and the dates that each was operating.
4. Provide the following information with respect to Viola and Joseph Basinger's ("the Basingers as Individuals") ownership of the Facility:
 - a. The dates the Basingers as Individuals owned the Facility;
 - b. The parcel number(s) and corresponding street address(es) for the Facility;

- c. A copy of each document evidencing the purchase, ownership, and sale of the Facility;
 - d. The current or last known address and phone number of any and all other current and previous owners of the Facility;
 - e. A copy of each lease, rental agreement, or any other document between the Basingers as Individuals and any business that operated at the Facility for all periods of time that the Basingers as Individuals owned the Facility; and
 - f. Each type of business, commercial, or industrial operation conducted at the Facility, and the name of each operator and the dates that each was operating.
5. With regard to the Trust:
- a. Provide a complete copy of the document(s) establishing the Trust;
 - b. Provide a complete copy of any amendments or updates to the Trust documents;
 - c. Provide a complete listing of current trust assets for the Trust and indicate the current market value of each Trust asset as well as the dollar value of any liabilities of the Trust; and
 - d. Provide a complete, signed copy of the last Federal and State income tax returns filed for the Trust, including any schedules, footnotes, or attachments.
 - e. Identify all current trustees of the Trust, and provide their full names, current addresses, telephone numbers, and dates that each has acted as trustee.
6. With regard to the Basinger PT:
- a. Provide a complete copy of the document(s) establishing this entity and describe its corporate structure (e.g., trust, partnership, sole proprietorship, joint venture, etc.);
 - b. Provide a complete copy of any amendments or updates to the documents establishing this entity;
 - c. Provide a complete listing of current entity assets and liabilities and state the current market value of each asset and liability; and
 - d. Provide a complete, signed copy of the last Federal and State income tax returns filed for this entity, including any schedules, footnotes, or attachments.
 - e. Identify all current trustees (if applicable) of this entity, and provide their full names, current addresses, telephone numbers, and dates that each has acted as trustee.
7. Identify the individuals who are or were responsible for environmental matters at the Facility both during and before the Trust's ownership of the Facility. For each individual responsible for environmental matters, provide their full names and the company they worked for, their current or last known addresses, telephone numbers, position titles, and the dates each individual held such position.
8. Identify the individuals who are or were responsible for environmental matters at the Facility both during and before the Basinger PT's ownership of the Facility. For each individual responsible for environmental matters, provide their full names and the company they worked for, their current or last known addresses, telephone numbers, position titles, and the dates each individual held such position.
9. Identify the individuals who are or were responsible for environmental matters at the Facility

both during and before the Basingers as Individuals' ownership of the Facility. For each individual responsible for environmental matters, provide their full names and the company they worked for, their current or last known addresses, telephone numbers, position titles, and the dates each individual held such position.

10. Provide a scaled map of the Facility which includes the locations of significant buildings and features. Indicate the locations of any maintenance shops, machine shops, degreasers, liquid waste tanks, chemical storage tanks, and fuel tanks. Provide a physical description of the Facility and identify the following:
 - a. Surface structures (e.g., buildings, tanks, containment and/or storage areas, etc.)
 - b. Subsurface structures (e.g., underground tanks, sumps, pits, clarifiers, etc.);
 - c. Groundwater and dry wells, including drilling logs, date(s) of construction or completion, details of construction, uses of the well(s), date(s) the well(s) was/were abandoned, depth to groundwater, depth of well(s) and depth to and of screened interval(s);
 - d. Past and present stormwater drainage system and sanitary sewer system, including septic tank(s) and subsurface disposal field(s);
 - e. Any and all additions, demolitions or changes of any kind to physical structures on, under or about the Facility or to the property itself (e.g., excavation work), and state the date(s) on which such changes occurred; and
 - f. The location of all waste storage or waste accumulation areas as well as waste disposal areas, including but not limited to dumps, leach fields, and burn pits.
11. Provide copies of hazardous material business plans and chemical inventory forms (originals and updates) submitted to city, county, and state agencies.
12. Provide a list of all chemicals and hazardous substances used at the Facility during any portion of time that the Trust owned the Facility, identifying the chemical composition and quantities used. Provide copies of Material Safety Data Sheets for all hazardous substances used.
13. Provide a list of all chemicals and hazardous substances used at the Facility during any portion of time that the Basinger PT owned the Facility, identifying the chemical composition and quantities used. Provide copies of Material Safety Data Sheets for all hazardous substances used.
14. Provide a list of all chemicals and hazardous substances used at the Facility during any portion of time that the Basingers as Individuals owned the Facility, identifying the chemical composition and quantities used. Provide copies of Material Safety Data Sheets for all hazardous substances used.
15. Identify and provide the information below for all volatile organic compounds (most notably PCE; TCE; 1,1-DCE; MTBE; 1,4-DCA, cis-1,2-DCE; and carbon tetrachloride); Title 22 metals including total and hexavalent chromium; 1,4-dioxane; N-nitrosodimethylamine

(NDMA); perchlorate; which are or were used at, or transported to, the Facility:

- a. The trade or brand name, chemical composition, quantity used for each chemical or hazardous substance and the Material Safety Data Sheet for each product;
 - b. The location(s) where each chemical or hazardous substance is or was used, stored, and disposed of;
 - c. The kinds of wastes (e.g., scrap metal, construction debris, motor oil, solvents, waste water), the quantities of wastes, and the methods of disposal for each chemical, waste, or hazardous substance;
 - d. The quantity purchased (in gallons), the time period during which it was used, and the identity of all persons who used it; and
 - e. The supplier(s), and provide copies of all contracts, service orders, shipping manifests, invoices, receipts, canceled checks, or any other documents pertaining to the supply of chemicals or hazardous substances.
16. Documentation provided to EPA shows that in 2005, an investigation was conducted at the behest of the JW & VM Basinger Trust PT, along with the Wagner Trust and Hawker Pacific Aerospace, to determine the presence and extent of chromium contamination in the soil at the Facility. Provide copies of all environmental data or technical or analytical information regarding soil, water, and air conditions at or adjacent to the Facility, including, but not limited to, environmental data or technical or analytical information related to soil contamination, soil sampling, soil gas sampling, geology, water (ground and surface), hydrogeology, groundwater sampling, and air quality.
17. Identify, and provide the following information for, all groundwater wells that are located at the Facility:
- a. A map with the specific locations of the Facility groundwater wells;
 - b. Date the Facility groundwater wells were last sampled;
 - c. List of all constituents which were analyzed during groundwater sampling events; and
 - d. All groundwater sampling results, reports of findings, and analytical data.
18. Identify all insurance policies held by the Trust during all periods of time that the Trust owned the Facility. Provide the name and address of each insurer, the policy number, the amount of coverage and policy limits, the type of policy, and the expiration date of each policy. Include all comprehensive general liability policies and "first party" property insurance policies and all environmental impairment insurance. Provide a complete copy of each policy.
19. Identify all insurance policies held by the Basinger PT during all periods of time that the Basinger PT owned the Facility. Provide the name and address of each insurer, the policy number, the amount of coverage and policy limits, the type of policy, and the expiration date of each policy. Include all comprehensive general liability policies and "first party" property insurance policies and all environmental impairment insurance. Provide a complete copy of each policy.

20. Identify all insurance policies held by the Basingers as Individuals during all periods of time that the Basingers as Individuals owned the Facility. Provide the name and address of each insurer, the policy number, the amount of coverage and policy limits, the type of policy, and the expiration date of each policy. Include all comprehensive general liability policies and "first party" property insurance policies and all environmental impairment insurance. Provide a complete copy of each policy.
21. Provide copies of any applications for permits or permits received under any local, state, or federal environmental laws and regulations, including any waste discharge permits, such as national pollutant discharge elimination system permits.
22. Provide a list of employees for each business that operated at the Facility who had knowledge of the use of hazardous substances and/or had knowledge of the disposal of wastes. For each person identified, please provide their last known address and telephone number.
23. If the Trust is aware of any waste streams that were discharged to the sewer at the Facility, provide copies of any permits and analyses performed on the discharged wastes.
24. If the Basinger PT is aware of any waste streams that were discharged to the sewer at the Facility, provide copies of any permits and analyses performed on the discharged wastes.
25. If Viola Basinger is aware of any waste streams that were discharged to the sewer at the Facility, provide copies of any permits and analyses performed on the discharged wastes.
26. For each waste stream generated at the Facility, describe the procedures for (a) collection, (b) storage, (c) treatment, (d) transport, and (e) disposal of the waste stream.
27. Please provide a detailed description of all pre-treatment procedures performed by the operators of the Facility prior to transport to a disposal site.
28. Please describe the method used by operators of the Facility to remove waste streams from sumps at the Facility.
29. Please identify all wastes that were stored at the Facility prior to shipment for disposal. Describe the storage procedures for each waste that was stored prior to disposal.
30. Please identify all leaks, spills, or other releases into the environment of any hazardous substances or pollutants or contaminants that have occurred at or from the Facility. In addition, identify and provide supporting documentation of:
 - a. The date each release occurred;
 - b. The cause of each release;
 - c. The amount of each hazardous substance, waste, or pollutant or contaminant released

- during each release;
- d. Where each release occurred and what areas were impacted by the release; and
 - e. Any and all activities undertaken in response to each release, including the notification of any local, state, or federal government agencies about the release.
31. Provide copies of any correspondence between the Trust and local, state, or federal authorities concerning the use, handling, disposal, or remediation of hazardous substances at the Facility, including but not limited to any correspondence concerning any of the releases identified in response to the previous question.
 32. Provide copies of any correspondence between the Basinger PT and local, state, or federal authorities concerning the use, handling, disposal, or remediation of hazardous substances at the Facility, including but not limited to any correspondence concerning any of the releases identified in response to the previous question.
 33. Provide copies of any correspondence between the Basingers as Individuals and local, state, or federal authorities concerning the use, handling, disposal, or remediation of hazardous substances at the Facility, including but not limited to any correspondence concerning any of the releases identified in response to the previous question.
 34. Provide a list of any hazardous substances that the Trust knew, at the time it purchased the Facility, had been used or disposed of at the Facility.
 35. Provide a list of any hazardous substances that the Basinger PT knew, at the time it purchased the Facility, had been used or disposed of at the Facility.
 36. Provide a list of any hazardous substances that the Basingers as Individuals knew, at the time they purchased the Facility, had been used or disposed of at the Facility.
 37. Describe what the Trust knew about any business operations at the Facility at the time it purchased the Facility.
 38. Describe what the Basinger PT knew about any business operations at the Facility at the time it purchased the Facility.
 39. Describe what the Basingers as Individuals knew about any business operations at the Facility at the time they purchased the Facility.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

RETURN RECEIPT REQUESTED
Certified Mail #: 7005 3110 0002 8246 8995

APR 11 2006

Linda Wagner Lipscomb, Trustee
Wagner Trust

FX-6 Personal Privacy

Re: General Notice Letter/104(e) for the San Fernando Valley/North Hollywood
Superfund Site
North Hollywood, California

Dear Ms. Lipscomb:

Under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), commonly known as the federal "Superfund" law, the U.S. Environmental Protection Agency ("EPA") is responsible for responding to the release or threat of release of hazardous substances and pollutants or contaminants into the environment—that is, for stopping further contamination from occurring and for cleaning up or otherwise addressing any contamination that has already occurred. EPA has documented that hazardous substances and pollutants or contaminants were released at the San Fernando Valley Area 1 site, North Hollywood Operable Unit ("NHOU" or "the Site"), located in Los Angeles County, California. EPA has spent public funds to investigate and control releases of hazardous substances or potential releases of hazardous substances at the Site. EPA has determined that the Wagner Trust ("the Trust") may be responsible under Superfund for cleanup of the Site or costs EPA has incurred in cleaning up the Site.

Explanation of Potential Liability

Under CERCLA, specifically Sections 106(a) and 107(a), potentially responsible parties ("PRPs") may be required to perform cleanup actions to protect the public health, welfare, or the environment. PRPs may also be responsible for costs incurred by EPA in cleaning up the Site. PRPs include current owners or operators of a site, former owners or operators during disposal, as well as persons who arranged for treatment and/or disposal of any hazardous substances found at the site and persons who accepted hazardous substances for transport and selected the site to which the hazardous substances were delivered.

Based on the information collected, EPA believes that the Trust may be liable for contamination of soils and groundwater at the Site under Section 107(a) of CERCLA. Liability is based on the Trust's status as a current owner of real property within the Site, from which contaminants, including but not limited to trichloroethylene ("TCE") and tetrachloroethylene ("PCE"), were released into the environment.

To date, EPA has taken several response actions at the Site under the authority of CERCLA. In 1989, EPA issued an Interim Record of Decision ("ROD") in which EPA selected an interim remedy for the Site. The interim remedy, which was expected to last fifteen years, required the extraction and treatment of PCE and TCE from groundwater and delivery of the treated groundwater to the City of Los Angeles's public drinking water system. Since 1989, EPA has funded the operation and maintenance ("O&M") of the interim remedy. Initially, EPA funded the O&M using Superfund money. Subsequently, EPA entered into two consent decrees with PRPs at the Site, including one to which Joseph Basinger, as an individual, was a signatory. EPA has used the funds recovered in those settlements to fund the O&M of the interim remedy. At this time, the EPA is considering selecting further remedial actions at the Site.

EPA will incur further costs to evaluate, select, and implement further response actions at the Site. This general notice letter provides you with advance notice that EPA may seek to recover its costs from the Trust for such response actions, and/or may ask the Trust to perform work at the Site.

Financial Concerns/Ability to Pay Settlements

EPA is aware that the financial ability of some PRPs to contribute toward the payment of response costs at the Site may be substantially limited. If you believe, and can document, that the Trust falls within that category, please contact Kim Muratore of EPA at 75 Hawthorne Street, San Francisco, CA, 94105, (415) 972-3121, muratore.kim@epa.gov, for information on "Ability-to-Pay Settlements." If you make a limited-ability-to-pay claim on behalf of the Trust, you will receive a letter requesting certain financial information from the Trust such as tax returns, financial statements, etc., that EPA will use to conduct its analysis. If EPA concludes that the Trust has a legitimate inability to pay the full amount of EPA's costs, EPA may offer a schedule for payment over time or a reduction in the total amount demanded from the Trust.

Information to Assist the Trust

EPA would like to encourage communication between the Trust, other PRPs, and EPA. EPA typically recommends that all PRPs meet to select a "steering committee" that will be responsible for representing the group's interests. Establishing a manageable group is critical to successful negotiations with EPA. If this is not possible, EPA encourages each PRP to select one person from its company or organization to represent its interests to EPA. To assist the Trust in its efforts to communicate, we have enclosed a list of names and addresses of PRPs to whom this letter, or a very similar letter, is being sent. (Enclosure A)

EPA will establish an Administrative Record that contains documents that serve as the basis for EPA's selection of further cleanup actions for the Site. The Administrative Record for the 1989 ROD is located at the Los Angeles Department of Water and Power Library, 111 North Hope Street, Room 516, Los Angeles, CA, phone (213) 367-1995, and is available to the Trust and the public for inspection. The Administrative Record is also available for inspection at the Superfund Records Center, EPA Region 9, 95 Hawthorne Street, 4th floor, San Francisco, CA 94105. As EPA moves forward with selection of further response actions for the Site, EPA will supplement the Administrative Record. EPA also may issue advance notice of the proposed action(s) for public comment.

Resources and Information for Small Businesses

As you may be aware, on January 11, 2002, President Bush signed into law the Superfund Small Business Liability Relief and Brownfields Revitalization Act. This Act contains several exemptions and defenses to CERCLA liability, that we suggest all parties evaluate. You may obtain a copy of the law via the Internet at <http://www.epa.gov/swerosps/bf/sblrbra.htm> and review EPA guidances regarding these exemptions at <http://www.epa.gov/compliance/resources/policies/cleanup/superfund>.

In addition, if you are a "service station dealer" who accepts used oil for recycling, you may qualify for an exemption from liability under Section 114(e) of CERCLA. EPA guidance regarding this exemption can be found on the Internet at <http://www.epa.gov/compliance/resources/policies/cleanup/superfund>. If you believe you may qualify for the exemption, please contact Assistant Regional Counsel Michael Massey at 75 Hawthorne Street, San Francisco, CA, 94105, 415-972-3034, or e-mail him at Massey.Michael@epa.gov, to request an application/information request specifically designed for service station dealers.

EPA has created a number of helpful resources for small business. EPA has established the National Compliance Assistance Clearinghouse as well as Compliance Assistance Centers which offer various forms of resources to small businesses. You may inquire about these resources at www.epa.gov. In addition, the EPA Small Business Ombudsman may be contacted at www.epa.gov/sbo. Finally, EPA developed a fact sheet about the Small Business Regulatory Enforcement Fairness Act ("SBREFA"), which is enclosed with this letter. (Enclosure B)

CERCLA 104(e) Information Request

EPA believes that the Trust may have information which could assist the California Regional Water Quality Control Board ("RWQCB") and EPA in their investigation of the groundwater at the Site, especially with regard to TCE, PCE, and chromium, and requests that the Trust answer the questions contained in Enclosure D. Definitions and instructions on how to respond to the questions are provided in Enclosure C.

Under Section 104(e) of CERCLA, 42 U.S.C. §9604(e), EPA has broad information gathering authority which allows EPA to require persons to furnish information or documents relating to:

(A) The identification, nature, and quantity of materials which have been or are generated, treated, stored, or disposed of at a vessel or facility or transported to a vessel or facility.

(B) The nature or extent of a release or threatened release of a hazardous substance or pollutant or contaminant at or from a vessel or facility.

(C) Information relating to the ability of a person to pay for or perform a cleanup.

Please note that the Trust's compliance with this information request is mandatory. Failure to respond fully and truthfully may result in an enforcement action by EPA pursuant to Section 104(e)(5) of CERCLA, 42 U.S.C. §9604(e)(5). This statutory provision authorizes EPA to seek the imposition of penalties of up to \$32,500 per day of noncompliance. Please be further advised that provision of false, fictitious, or fraudulent statements or representations may subject you to criminal penalties under 18 U.S.C. §1001. The information the Trust provides may be used by EPA in administrative, civil, or criminal proceedings.

Some of the information EPA is requesting may be considered by the Trust to be confidential. Please be aware that the Trust may not withhold the information upon that basis. If the Trust wishes EPA to treat the information confidentially, it must advise EPA of that fact by following the procedures outlined in Enclosure C, including the requirement for supporting its claim for confidentiality.

This request for information is not subject to review by the Office of Management and Budget ("OMB") under the Paperwork Reduction Act because it is not an "information collection request" within the meaning of 44 U.S.C. §§3502(3), 3507, 3512, and 3518(c)(1). See also, 5 C.F.R. §§1320.3(c), 1320.4, and 1320.6(a).


We encourage the Trust to give this matter immediate attention and request that it provide a complete and truthful response to this information request within thirty (30) calendar days of its receipt of this letter. EPA is committed to moving forward with its investigation and extensions of time for responses will only be granted upon a showing of good cause. If the Trust anticipates that it will need an extension, please request one as soon as possible. Requests for extensions made at or near the due date will not be viewed favorably by EPA. The Trust's response to this letter should be made in writing and signed by you or another duly authorized representative of the Trust. If some or all of the requested information has previously been provided to EPA, the Trust may incorporate that information by referencing the date of the earlier response and the information contained therein that is responsive to the current information request.

The Trust's response should include the appropriate name, address, and telephone number of the person to whom EPA should direct future correspondence in regard to this information request. The Trust's response to the information request should be directed to:

Kim Muratore, Case Developer (SFD-7-B)
U.S. EPA, Region 9
75 Hawthorne St.
San Francisco, CA 94105

Please also provide the appropriate name, address, and telephone number of the person to whom EPA should direct future correspondence with regard to the general notice portion of this letter. If the Trust has any questions regarding this letter or the Site's cleanup status, please contact the Remedial Project Manager, Rachel Loftin at (415) 972-3253, loftin.rachel@epa.gov. Questions regarding settlement or legal matters can be directed to Michael Massey at 415-972-3034 or e-mail at Massey.Michael@epa.gov. Thank you for your prompt attention to this matter.

Sincerely,


Elizabeth Adams, Chief
Site Cleanup Branch
Superfund Division

Enclosures (4)

cc: Patricia M. O'Toole, Esq.
The O'Toole Law Firm
P.O. Box 352348
Los Angeles, CA 90035-0260

ENCLOSURE D: INFORMATION REQUEST

1. State the full legal name, address, telephone number, position(s) held by, and tenure of the individual(s) answering any of the questions below on behalf of the Wagner Trust ("the Trust").
2. Information obtained by EPA indicates that the Trust co-owns or co-owned together with the JW & VM Basinger Trust PT the real property at 11310 Sherman Way, Sun Valley, California (the "Facility" or the "Hawker Pacific Facility"). EPA's information also indicates that the Facility was previously co-owned by the JW & VM Basinger PT and the Wagner Trust, and before that by Joseph & Viola Basinger and Gordon & Peggy Wagner, as individuals. Henceforth, the term "Facility" shall be interpreted to include both the real property at 11310 Sherman Way, Sun Valley, California, and any improvements thereto. Provide the following information with respect to the Trust's ownership of the Facility:
 - a. The dates the Trust owned the Facility;
 - b. The parcel number(s) and corresponding street address(es) for the Facility;
 - c. A copy of each document evidencing the purchase, ownership, and sale of the Facility;
 - d. The current or last known address and phone number of any and all other current and previous owners of the Facility;
 - e. A copy of each lease, rental agreement, or any other document between the Trust and any business that operated at the Facility for all periods of time that the Trust owned the Facility; and
 - f. Each type of business, commercial, or industrial operation conducted at the Facility, and the name of each operator and the dates that each was operating.
3. Provide the following information with respect to Gordon and Peggy Wagner's ("the Wagners") ownership of the Facility:
 - a. The dates the Wagners owned the Facility;
 - b. The parcel number(s) and corresponding street address(es) for the Facility;
 - c. A copy of each document evidencing the purchase, ownership, and sale of the Facility;
 - d. The current or last known address and phone number of any and all other current and previous owners of the Facility;
 - e. A copy of each lease, rental agreement, or any other document between the Wagners and any business that operated at the Facility for all periods of time that the Wagners owned the Facility; and
 - f. Each type of business, commercial, or industrial operation conducted at the Facility, and the name of each operator and the dates that each was operating.
4. With regard to the Trust:
 - a. Provide a complete copy of the document(s) establishing the Trust;
 - b. Provide a complete copy of any amendments or updates to the Trust documents;
 - c. Provide a complete listing of current trust assets for the Trust and indicate the current market value of each Trust asset as well as the dollar value of any liabilities of

- the Trust; and
- d. Provide a complete, signed copy of the last Federal and State income tax returns filed for the Trust, including any schedules, footnotes, or attachments.
 - e. Identify all current trustees of the Trust, and provide their full names, current addresses, telephone numbers, and dates that each has acted as trustee.
5. Identify the individuals who are or were responsible for environmental matters at the Facility both during and before the Trust's ownership of the Facility. For each individual responsible for environmental matters, provide their full names and the company they worked for, their current or last known addresses, telephone numbers, position titles, and the dates each individual held such position.
 6. Identify the individuals who are or were responsible for environmental matters at the Facility both during and before the Wagner's ownership of the Facility. For each individual responsible for environmental matters, provide their full names and the company they worked for, their current or last known addresses, telephone numbers, position titles, and the dates each individual held such position.
 7. Provide a scaled map of the Facility which includes the locations of significant buildings and features. Indicate the locations of any maintenance shops, machine shops, degreasers, liquid waste tanks, chemical storage tanks, and fuel tanks. Provide a physical description of the Facility and identify the following:
 - a. Surface structures (e.g., buildings, tanks, containment and/or storage areas, etc.)
 - b. Subsurface structures (e.g., underground tanks, sumps, pits, clarifiers, etc.);
 - c. Groundwater and dry wells, including drilling logs, date(s) of construction or completion, details of construction, uses of the well(s), date(s) the well(s) was/were abandoned, depth to groundwater, depth of well(s) and depth to and of screened interval(s);
 - d. Past and present stormwater drainage system and sanitary sewer system, including septic tank(s) and subsurface disposal field(s);
 - e. Any and all additions, demolitions or changes of any kind to physical structures on, under or about the Facility or to the property itself (e.g., excavation work), and state the date(s) on which such changes occurred; and
 - f. The location of all waste storage or waste accumulation areas as well as waste disposal areas, including but not limited to dumps, leach fields, and burn pits.
 8. Provide copies of hazardous material business plans and chemical inventory forms (originals and updates) submitted to city, county, and state agencies.
 9. Provide a list of all chemicals and hazardous substances used at the Facility during any portion of time that the Trust owned the Facility, identifying the chemical composition and quantities used. Provide copies of Material Safety Data Sheets for all hazardous substances used.

10. Provide a list of all chemicals and hazardous substances used at the Facility during any portion of time that the Wagners owned the Facility, identifying the chemical composition and quantities used. Provide copies of Material Safety Data Sheets for all hazardous substances used
11. Identify and provide the information below for all volatile organic compounds (most notably PCE; TCE; 1,1-DCE; MTBE; ,14-DCA, cis-1,2-DCE; and carbon tetrachloride); Title 22 metals including total and hexavalent chromium; 1,4-dioxane; N-nitrosodimethylamine (NDMA); perchlorate; which are or were used at, or transported to, the Facility:
 - a. The trade or brand name, chemical composition, quantity used for each chemical or hazardous substance and the Material Safety Data Sheet for each product;
 - b. The location(s) where each chemical or hazardous substance is or was used, stored, and disposed of;
 - c. The kinds of wastes (e.g., scrap metal, construction debris, motor oil, solvents, waste water), the quantities of wastes, and the methods of disposal for each chemical, waste, or hazardous substance;
 - d. The quantity purchased (in gallons), the time period during which it was used, and the identity of all persons who used it; and
 - e. The supplier(s), and provide copies of all contracts, service orders, shipping manifests, invoices, receipts, canceled checks, or any other documents pertaining to the supply of chemicals or hazardous substances.
12. Documentation provided to EPA shows that in 2005, an investigation was conducted at the behest of the JW & VM Basinger Trust PT, along with the Wagner Trust and Hawker Pacific Aerospace, to determine the presence and extent of chromium contamination in the soil at the Facility. Provide copies of all environmental data or technical or analytical information regarding soil, water, and air conditions at or adjacent to the Facility, including, but not limited to, environmental data or technical or analytical information related to soil contamination, soil sampling, soil gas sampling, geology, water (ground and surface), hydrogeology, groundwater sampling, and air quality.
13. Identify, and provide the following information for, all groundwater wells that are located at the Facility:
 - a. A map with the specific locations of the Facility groundwater wells;
 - b. Date the Facility groundwater wells were last sampled;
 - c. List of all constituents which were analyzed during groundwater sampling events; and
 - d. All groundwater sampling results, reports of findings, and analytical data.
14. Identify all insurance policies held by the Trust during all periods of time that the Trust owned the Facility. Provide the name and address of each insurer, the policy number, the amount of coverage and policy limits, the type of policy, and the expiration date of each policy. Include all comprehensive general liability policies and "first party" property insurance policies and all environmental impairment insurance. Provide a complete copy of

each policy.

15. Identify all insurance policies held by the Wagners during all periods of time that the Wagners owned the Facility. Provide the name and address of each insurer, the policy number, the amount of coverage and policy limits, the type of policy, and the expiration date of each policy. Include all comprehensive general liability policies and "first party" property insurance policies and all environmental impairment insurance. Provide a complete copy of each policy.
16. Provide copies of any applications for permits or permits received under any local, state, or federal environmental laws and regulations, including any waste discharge permits, such as national pollutant discharge elimination system permits.
17. Provide a list of employees for each business that operated at the Facility who had knowledge of the use of hazardous substances and/or had knowledge of the disposal of wastes. For each person identified, please provide their last known address and telephone number.
18. If the Trust is aware of any waste streams that were discharged to the sewer at the Facility, provide copies of any permits and analyses performed on the discharged wastes.
19. For each waste stream generated at the Facility, describe the procedures for (a) collection, (b) storage, (c) treatment, (d) transport, and (e) disposal of the waste stream.
20. Please provide a detailed description of all pre-treatment procedures performed by the operators of the Facility prior to transport to a disposal site.
21. Please describe the method used by operators of the Facility to remove waste streams from sumps at the Facility.
22. Please identify all wastes that were stored at the Facility prior to shipment for disposal. Describe the storage procedures for each waste that was stored prior to disposal.
23. Please identify all leaks, spills, or other releases into the environment of any hazardous substances or pollutants or contaminants that have occurred at or from the Facility. In addition, identify and provide supporting documentation of:
 - a. The date each release occurred;
 - b. The cause of each release;
 - c. The amount of each hazardous substance, waste, or pollutant or contaminant released during each release;
 - d. Where each release occurred and what areas were impacted by the release; and
 - e. Any and all activities undertaken in response to each release, including the notification of any local, state, or federal government agencies about the release.

24. Provide copies of any correspondence between the Trust and local, state, or federal authorities concerning the use, handling, disposal, or remediation of hazardous substances at the Facility, including but not limited to any correspondence concerning any of the releases identified in response to the previous question.
25. Provide copies of any correspondence between the Wagners and local, state, or federal authorities concerning the use, handling, disposal, or remediation of hazardous substances at the Facility, including but not limited to any correspondence concerning any of the releases identified in response to the previous question.
26. Provide a list of any hazardous substances that the Trust knew, at the time it purchased the Facility, had been used or disposed of at the Facility.
27. Provide a list of any hazardous substances that the Wagners knew, at the time they purchased the Facility, had been used or disposed of at the Facility.
28. Describe what the Trust knew about any business operations at the Facility at the time it purchased the Facility.
29. Describe what the Wagners knew about any business operations at the Facility at the time they purchased the Facility.

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Confidential
Confidential

Exhibit P

EXHIBIT P

Request # 2c, 3c and 4c to Basinger Trusts and # 2c and 3c to Wagner Trusts:

Copies of each document evidencing the purchase, ownership, and sale of the Facility by the BW Trusts.

BW Trusts' Response:

Copies of the deeds evidencing the purchase, ownership and transfer of the real property are attached, as follows:

1. May 12, 1966 – Corporation Grant Deed
Gordon N. Wagner and Peggy M. Wagner, husband and wife, as joint tenants, purchased an undivided 2/3 interest in the real property. Joseph W. Basinger and Viola Marie Basinger, husband and wife, as joint tenants, purchased an undivided 1/3 interest in the real property. The seller was Mustang Motor Products Corporation.
2. May 12, 1989 – Grant Deed to a Revocable Trust
Gordon N. Wagner and Peggy M. Wagner transferred their interest in the real property to Gordon N. Wagner and Peggy M. Wagner, Trustees, The Wagner Living Trust, U/A Dated April 5, 1989.
3. March 26, 1996 – Quitclaim Deed
Joseph W. Basinger and Viola Marie Basinger quitclaimed their 1/3 interest in the real property to Joseph W. Basinger and Viola M. Basinger, Trustees, the J.W. and V.M. Basinger Revocable Trust dated December 30, 1986, as amended.
4. December 5, 1997 – Trustee's Deed of Distribution
Peggy M. Wagner, sole successor Trustee, transferred the 2/3 interest of The Wagner Living Trust, U/A Dated April 5, 1989, in the real property, as follows: a 30.38% interest to The Wagner Residual "A" Trust u/a Dated April 5, 1989; a 1.84% interest to The Wagner Residual "B" Trust u/a Dated April 5, 1989; and a 14.45% interest to The Wagner Marital Trust u/a Dated April 5, 1989.
5. November 24, 1998 – Quitclaim Deed
Viola M. Basinger, sole successor Trustee, quitclaimed the 1/3 interest of the J.W. and V.M. Basinger Revocable Trust established on December 30, 1986, in the real property, as follows: an undivided one-half interest to Viola M. Basinger, Trustee of Trust B (the Exemption Trust) u/t J.W. and V.M. Basinger Revocable Trust established on December 30, 1986, and an undivided one-half interest to Viola M. Basinger, Trustee of Trust C (the Marital Trust) u/t J.W. and V.M. Basinger Revocable Trust established on December 30, 1986.

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO

MR. AND MRS. GORDON WAGNER &
MR. AND MRS. JOSEPH W. BASINGER
11034 Sutter Avenue
Pasadena, California

655

RECORDED IN OFFICIAL RECORDS
OF LOS ANGELES COUNTY, CALIF.
FOR TITLE INSURANCE & TRUST CO.
MAY 12 1966 AT 8 A.M.
RAY E. LEE, County Recorder

FEE
\$2.80
20

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MR. AND MRS. GORDON WAGNER &
MR. AND MRS. JOSEPH W. BASINGER
11034 Sutter Avenue
Pasadena, California

AFFIX I.R.S. \$5.96 IN THIS SPACE

Corporation Grant Deed

TO 206 CA (8-62)

THIS FORM FURNISHED BY TITLE INSURANCE AND TRUST COMPANY

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
MUSTANG MOTOR PRODUCTS CORPORATION,

a corporation organized under the laws of the state of California
hereby GRANTS to GORDON N. WAGNER and PEGGY M. WAGNER, husband and wife, as
joint tenants, as to an undivided two-thirds interest and JOSEPH W.
BASINGER and VIOLA MARIE BASINGER, husband and wife, as joint tenants, as
to an undivided one-third interest,
the following described real property in the City of Los Angeles,
County of Los Angeles, State of California:

That portion of the East 100 feet of the West half (measured to
center line of adjoining Street) of Lot 62 of Lankershim Ranch
Land & Water Company's Subdivision of the East 12,000.00 acres
of the South half of the Rancho Ex-Mission of San Fernando, in
The City of Los Angeles, County of Los Angeles, State of
California, as per map recorded in book 31 page 39 et seq. of
Miscellaneous Records, in the office of the county recorder of
said county, lying northerly of a line extending South 89° 04'
25" East from a point in the center line of Tujunga Avenue,
50.00 feet wide, distant North 0° 00' 30" West 406.44 feet
from the intersection of said center line and the westerly
prolongation of the southerly line of said Lot 62.

EXCEPT therefore the Southerly 30.00 feet thereof.

In Witness Whereof, said corporation has caused its corporate name and seal to be affixed hereto and this instru-
ment to be executed by its _____ President and _____ Secretary
thereunto duly authorized.
Dated: May 6, 1966

MUSTANG MOTOR PRODUCTS CORPORATION

STATE OF CALIFORNIA

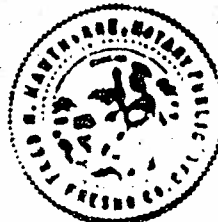
COUNTY OF Fresno

On May 7, 1966, before me, the under-
signed, a Notary Public in and for said State, personally appeared
James R. Eason, known
to be the President, and
Edgar J. Frayer, known to me to be
Secretary of the Corporation, who executed the
within instrument, known to me to be the person who executed the
within instrument on behalf of the Corporation therein named, and
acknowledged to me that such Corporation executed the within instru-
ment pursuant to its by laws or a resolution of its board of directors.
WITNESS my hand and official seal.

Signature Fred W. Hawthorne

FRED W. HAWTHORNE
My Commission Expires February 14, 1970

By James R. Eason President
By Edgar J. Frayer Secretary



Title Order No. _____ Escrow or Loan No. 6259369 RDG pb

MAIL TAX STATEMENTS AS DIRECTED ABOVE



SUBJECT TO: All taxes for the fiscal year 1966-1967.
Conditions, restrictions, reservations, rights
of way and easements of record.

In Witness Whereof, said corporation has caused its corporate name and seal to be affixed hereto and this instrument to be executed by its _____ President and _____ Secretary
thereunto duly authorized.

Dated: May 6, 1966

MUSTANG MOTOR PRODUCTS CORPORATION

STATE OF CALIFORNIA

COUNTY OF Alameda

On May 7, 1966

before me, the undersigned, a Notary Public in and for said State, personally appeared James R. Eason, known to me to be the President, and Edgar J. Frayer, known to me to be the Secretary of the Corporation that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of the Corporation therein named, and acknowledged to me that such Corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature Fred W. Hawthorne

FRED W. HAWTHORNE

My Commission Expires February 14, 1970

By James R. Eason President
By Edgar J. Frayer Secretary



Title Order No. _____

EXTENSION OF LOAN No. _____

6259369 RDQ pb

MAIL TAX STATEMENTS AS DIRECTED ABOVE

RECORDING REQUESTED BY

656

AND WHEN RECORDED MAIL TO

MUSTANG MOTOR PRODUCTS CORP.

RECORDED IN OFFICIAL RECORDS
OF LOS ANGELES COUNTY, CALIF.
JUN 14 1966

89- 766585

RECORDING REQUESTED BY:
NANCY NOEL & ASSOCIATES
Attorneys at Law
44-100 Monterey Avenue
Palm Desert, CA 92260

RECORDED IN OFFICIAL RECORDS
RECORDER'S OFFICE
LOS ANGELES COUNTY
CALIFORNIA

31 MIN. PAST. 10 A.M. MAY 12 1989

FEE \$7 N
2

WHEN RECORDED MAIL TO:

Mr. & Mrs. Gordon N. Wagner
33 La Cerria Drive
Rancho Mirage, CA. 92270

SURVEY, MONUMENT FEE \$10. CODE 99

MAIL TAX STATEMENTS TO:

ADDRESS CURRENTLY ON TAX ROLLS

SPACE ABOVE THIS LINE FOR RECORDER'S USE

NO CONSIDERATION - NO TAX DUE


NANCY NOEL

GRANT DEED TO A REVOCABLE TRUST

GORDON N. WAGNER and BEGGY M. WAGNER, husband and wife

HEREBY GRANT TO: GORDON N. WAGNER and PEGGY M. WAGNER, or their successors, as Trustees of THE WAGNER LIVING TRUST, U/A DATED APRIL 5, 1989.

ALL THAT PROPERTY situated in the County of Los Angeles, State of California, bounded and described as hereinafter set forth in Exhibit "A" (attached hereto and incorporated herein by reference).

Said Trustee(s) shall have the power and authority to protect, to conserve, to lease, to encumber, or otherwise to manage and dispose of the herein above described real property: including, but not limited to, the power to convey.

EXECUTED on April 5, 1989 at Palm Desert, California.


GORDON N. WAGNER

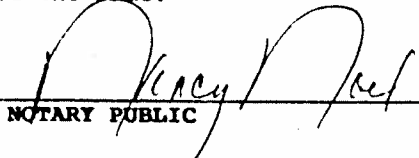

PEGGY M. WAGNER

STATE OF CALIFORNIA)
) SS.
COUNTY OF RIVERSIDE)

On April 5 before me, the undersigned, personally appeared GORDON N. WAGNER and PEGGY M. WAGNER, personally known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

WITNESS my hand and official seal.




NOTARY PUBLIC

2

EXHIBIT "A"

That portion of the East 100 feet of the West half (measured to center line of adjoining Street) of Lot 62 of Lankershim Ranch Land and Water Company's Subdivision of the East 12,000.00 acres of the South half of the Rancho Ex-Mission of San Fernando, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 31, Page 39 et seq. of Miscellaneous Records, in the Office of the County Recorder of said County, LYING Northerly of a line extending South 89 degrees 04' 25" East from a point in the center line of Tujunga Avenue, 50.00 feet wide, distant North 0 degrees 00' 30" West 406.44 feet from the intersection of said center line and the Westerly prolongation of the Southerly line of said Lot 62.

EXCEPT THEREFROM the Southerly 30.00 feet thereof.

1000000

20

RECORDING REQUEST BY

96 476992

P-3

WHEN RECORDED MAIL TO

NAME

Joseph W. Viola M Esq. et al.

MAILING
ADDRESS

22410 Ridgmont Dr.

CITY, STATE
ZIP CODE

Los Angeles Ca 90044

RECORDED/FILED IN OFFICIAL RECORDS
RECORDER'S OFFICE
LOS ANGELES COUNTY
CALIFORNIA

9:01 AM MAR 26 1996

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

FEE \$13 W

3

TITLE(S)

Quitclaim deed

RECORDING REQUESTED BY:

FREEMAN, FREEMAN & SMILEY, LLP
A Limited Liability Partnership Including Law
Corporations

AND WHEN RECORDED MAIL TO:

Joseph W. and Viola M. Basinger, Trustees
2246 Ridgmont Drive
Los Angeles, California 90046

MAIL TAX STATEMENTS TO:

Gordon N. Wagner and Peggy M. Wagner, Trustees
Joseph W. Basinger and Viola M. Basinger, Trustees
33 La Cerria Drive
Rancho Mirage, California 92270

QUITCLAIM DEED

Assessor's Parcel No. 2319-1-6

The undersigned grantors declare:

Documentary transfer tax is \$0-. This conveyance transfers the grantors' interest into their revocable living trust, R & T 11911.

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

JOSEPH W. BASINGER and VIOLA MARIE BASINGER, husband and wife, as community property

hereby REMISE, RELEASE and QUITCLAIM to

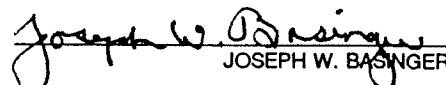
JOSEPH W. BASINGER and VIOLA M. BASINGER, as Trustees of the J. W. AND V. M. BASINGER
REVOCABLE TRUST dated December 30, 1986, as amended, as to an undivided one-third interest in and to

the following described real property in the City of Los Angeles, County of Los Angeles, State of California:

See Exhibit "A" attached hereto and incorporated herein by this reference.

Commonly known as 11310 Sherman Way, Sun Valley, California 91352

Dated: March 21, 1996


JOSEPH W. BASINGER


VIOLA MARIE BASINGER

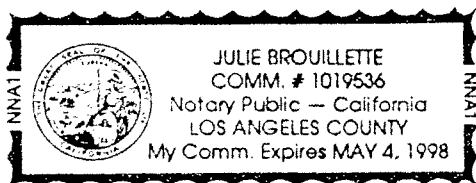
STATE OF CALIFORNIA

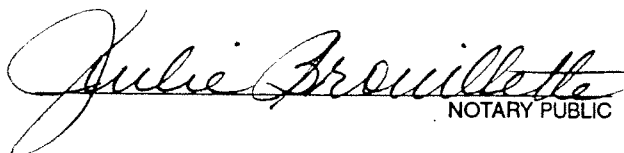
COUNTY OF LOS ANGELES

)
) ss.
)

On March 21, 1996, before me, Julie Brouillette, Notary Public, personally appeared JOSEPH W. BASINGER and VIOLA MARIE BASINGER, ~~personally known to me~~ or proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument, the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.




NOTARY PUBLIC

96 476992

EXHIBIT "A"

3

That portion of the East 100 feet of the West half (measured to center line of adjoining Street) of Lot 62 of Lankershim Ranch Land & Water Company's Subdivision of the East 12,000.00 acres of the South half of the Rancho Ex-Mission of San Fernando, in The City of Los Angeles, County of Los Angeles, State of California, as per map recorded in book 31 page 39 et seq. of Miscellaneous Records, in the office of the county recorder of said county, lying northerly of a line extending South 89° 04' 25" East from a point in the center line of Tujunga Avenue, 50.00 feet wide, distant North 0° 00' 30" West 406.44 feet from the intersection of said center line and the westerly prolongation of the southerly line of said Lot 62.

EXCEPT therefrom the Southerly 30.00 feet thereof.

RECORDING REQUESTED BY:
NANCY NOEL & ASSOCIATES
Attorneys at Law
44-694 Monterey Avenue
Palm Desert, CA 92260

97 1916796

RECORDED/FILED IN OFFICIAL RECORDS
RECORDER'S OFFICE
LOS ANGELES COUNTY
CALIFORNIA

8:04 AM DEC 05 1997

WHEN RECORDED MAIL TO:
Ms. Peggy M. Wagner
33 La Cerra Drive
Rancho Mirage, CA 92270

FEE \$13 S
3

SURVEY. MONUMENT FEE \$10. CODE 09

This document modifies or changes
provisions of document 89-766585
Recorded May 12, 1989
APN 2319-001-006

NO CONSIDERATION GIVEN - NO TAX DUE


NANCY NOEL

TRUSTEE'S DEED OF DISTRIBUTION

PEGGY M. WAGNER, as Successor Trustee of THE WAGNER TRUST, U/A DATED April 5, 1989, GORDON N. WAGNER and PEGGY M. WAGNER, Trustees.

Pursuant to the terms and conditions thereof,

HEREBY TRANSFERS AND CONVEYS A 30.38 % interest to:

PEGGY M. WAGNER, TRUSTEE, U/A dated April 5, 1989,
FBO THE WAGNER RESIDUAL "A" TRUST

HEREBY TRANSFERS AND CONVEYS A 21.84 % interest to:

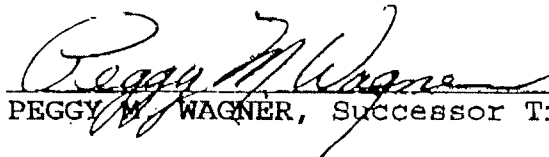
PEGGY M. WAGNER, TRUSTEE, U/A dated April 5, 1989,
FBO THE WAGNER RESIDUAL "B" TRUST

HEREBY TRANSFERS AND CONVEYS A 14.45 % interest to:

PEGGY M. WAGNER, TRUSTEE, U/A dated April 5, 1989,
FBO THE WAGNER MARITAL TRUST

ALL THAT PROPERTY situated in the County of Los Angeles, State of California, bounded and described as hereinafter set forth in Exhibit "A" (attached hereto and incorporated herein by reference).

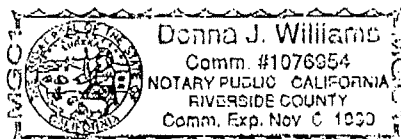
EXECUTED on this 23rd day of June, 1997, at Palm Desert, California.


PEGGY M. WAGNER, Successor Trustee

STATE OF CALIFORNIA)
) ss.
 COUNTY OF RIVERSIDE)

2

On this 23rd day of June, 1997, before me, Donna J. Williams, Notary Public, personally appeared PEGGY M. WAGNER, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.



Donna J. Williams
 NOTARY PUBLIC

WHEN RECORDED MAIL TO:
 Ms. Peggy M. Wagner
 33 LaCerra Drive
 Rancho Mirage, CA 92270

97 1916796

TRUSTEE'S DEED OF DISTRIBUTION

3

EXHIBIT "A"

That portion of the East 100 feet of the West half (measured to center line of adjoining Street) of Lot 62 of Lankershim Ranch Land and Water Company's Subdivision of the East 12,000.00 acres of the South half of the Rancho Ex-Mission of San Fernando, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 31, Page 39 et seq. of Miscellaneous Records, in the Office of the County Recorder of said County, LYING Northerly of a line extending South 89 degrees 04' 25" East from a point in the center line of Tujunga Avenue, 50.00 feet wide, distant North 0 degrees 00' 30" West 406.44 feet from the intersection of said center line and the Westerly prolongation of the Southerly line of said Lot 62.

EXCEPT THEREFROM the Southerly 30.00 feet thereof.

97 1916796

RECORDING REQUESTED BY:
FREEMAN, FREEMAN & SMILEY, LLP

NOV 24 1998

WHEN RECORDED MAIL TO:
VIOLA M. BASINGER
2246 RIDGEMONT DRIVE
LOS ANGELES, CA 90046

MAIL TAX STATEMENT TO:
WAGNER & BASINGER
33 LA CERRIA DRIVE
RANCHO MIRAGE, CA 92270

98 2154138

COPY of Document Recorded

Has not been compared with original.
Original will be returned when
processing has been completed.
LOS ANGELES COUNTY REGISTER - PUBLIC UTILITY CLERK

Assessor's Parcel No.: 2319-001-006

QUITCLAIM DEED

The undersigned transferor declares under penalty of perjury:

This is a transfer excluded from reappraisal under Proposition 13 (i.e., CA Const. Art. 13A §1 *et seq.*) in that it is a Trust Transfer under R & T §62 and the applicable exclusion is: Transfer to a trust where the trustor or the trustor's spouse is a beneficiary.

Documentary transfer tax is \$-0-. This is a bonafide gift and the transferor received nothing in return, R & T §11911.

TRANSFEROR,

VIOLA M. BASINGER, as sole successor Trustee of the J.W. AND V.M. BASINGER REVOCABLE TRUST established on December 30, 1986 (transferor obtained title as "JOSEPH W. BASINGER and VIOLA M. BASINGER, Trustees, of the J.W. AND V.M. BASINGER REVOCABLE TRUST established on December 30, 1986" and as a consequence of the July 2, 1997 death of JOSEPH W. BASINGER, transferor became the sole successor trustee of said trust)

who presently holds a partial interest in the subject property (believed, but not warranted to be a one-third undivided interest), hereby REMISES, RELEASES and QUITCLAIMS that interest to

VIOLA M. BASINGER, Trustee of Trust B (the Exemption Trust) u/t J.W. AND V.M. BASINGER REVOCABLE TRUST established on December 30, 1986, as to an undivided one-half tenancy-in-common interest, and

VIOLA M. BASINGER, Trustee of Trust C (the Marital Trust) u/t J.W. AND V.M. BASINGER REVOCABLE TRUST established on December 30, 1986, as to an undivided one-half tenancy-in-common interest.

all of transferor's right, title and interest in and to the following described real property in the City of Los Angeles, County of Los Angeles, State of California:

See legal description attached hereto as Exhibit "A" and made a part hereof.

Commonly known as 11310 Sherman Way, Sun Valley, CA 91352.

Dated: NOVEMBER 16, 1998

Viola Basinger

VIOLA M. BASINGER, TRUSTEE

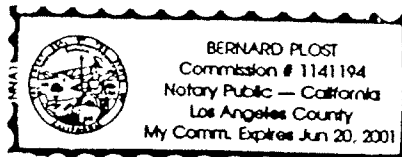
STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On NOVEMBER 16, 1998, before me, BERNARD PLOST, a Notary Public, personally appeared VIOLA M. BASINGER, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

NOTARY PUBLIC



[Seal]

Exhibit "A"
Legal Description
[11310 SHERMAN WAY, SUN VALLEY, CA 91352]

That portion of the East 100 feet of the West half (measured to center line of adjoining Street) of Lot 62 of Lankershim Ranch Land & Water Company's Subdivision of the East 12,000.00 acres of the South half of the Rancho Ex-Mission of San Fernando, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in book 31, page 39 et seq. of Miscellaneous Records, in the office of the county recorder of said county, lying northerly of a line extending South 89° 04' 25" East from a point in the center line of Tujunga Avenue, 50.00 feet wide, distant North 0° 00' 30" West 406.44 feet from the intersection of said center line and the westerly prolongation of the southerly line of said Lot 62.

EXCEPT therefrom the Southerly 30.00 feet thereof.

KENNETH P. HAHN
COUNTY ASSESSOR
COUNTY OF LOS ANGELES
500 West Temple Street
Los Angeles, California 90012-2770

THIS SPACE IS FOR RECORDER'S USE

PRELIMINARY CHANGE OF OWNERSHIP REPORT

THIS REPORT IS NOT A PUBLIC DOCUMENT

(To be completed by transferee (buyer) prior to transfer of the subject property in accordance with Section 480.3 of the Revenue and Taxation Code.)

SELLER/TRANSFEROR: Viola M. Basinger, Trustee J.W. and V.M.
Basinger Revocable Trust

SELLER'S RECORDING DATE: _____ DOCUMENT NO. _____

BUYER/TRANSFeree: Viola M. Basinger, Trustee of Trust B and
Trust C u/t J.W. & V.M. Basinger Revocable Trust

ASSESSOR'S IDENTIFICATION NUMBER(S) 2319-001-006 (1/3 interest)
Mapbook _____ Page _____ Parcel _____

PROPERTY ADDRESS OR LOCATION: 11310 Sherman Way
No. _____ Street _____
Sun Valley, CA 91352
City _____ State _____ Zip Code _____

MAIL TAX INFORMATION TO:

NAME: Wagner & Basinger

ADDRESS: 33 La Cerria Drive, Rancho Mirage, CA 92270
Street No. _____ City _____ State _____ Zip Code _____

FOR ASSESSOR'S USE ONLY

Cluster _____
OC1 _____ OC2 _____
DT _____ INT _____
RC _____ SP \$ _____
DTT\$ _____ # Pcl _____

A Preliminary Change in Ownership Report must be filed with each conveyance in the County Recorder's office for the county where the property is located; this particular form may be used in all 58 counties of California.

NOTICE: A lien for property taxes applies to your property on March 1 of each year for the taxes owing in the following fiscal year, July 1 through June 30. One-half of these taxes is due November 1, and one-half is due February 1. The first installment becomes delinquent on December 10, and the second installment becomes delinquent on April 10. One tax bill is mailed before November 1 to the owner of record. IF THIS TRANSFER OCCURS AFTER MARCH 1 AND ON OR BEFORE DECEMBER 31, YOU MAY BE RESPONSIBLE FOR THE SECOND INSTALLMENT OF TAX DUE FEBRUARY 1.

The property which you acquired may be subject to a supplemental assessment in an amount to be determined by the Los Angeles County Assessor. For further information on your supplemental obligation, please call the Los Angeles County Assessor at (213) 974-3211.

PART I: TRANSFER INFORMATION

Please answer all questions.

YES NO

- ☐ ☐ A. Is this transfer solely between husband and wife (Addition of a spouse, death of a spouse, divorce settlement, etc.)?
- ☐ ☐ B. Is this transaction only a correction of the name(s) of the person(s) holding title to the property (For example, a name change upon marriage)?
- ☐ ☐ C. Is this document recorded to create, terminate, or reconvey a lender's interest in the property?
- ☐ ☐ D. Is this transaction recorded only as a requirement for financing purposes or to create, terminate, or reconvey a security interest (e.g., cosigner)?
- ☐ ☐ E. Is this document recorded to substitute a trustee under a deed of trust, mortgage, or other similar document?
- ☐ ☐ F. Did this transfer result in the creation of a joint tenancy in which the seller (transferor) remains as one of the joint tenants?
- ☐ ☐ G. Does this transfer return property to the person who created the joint tenancy (original transferor)?
- ☒ ☐ H. Is this transfer of property:
1. to a trust for the benefit of the grantor, or grantor's spouse?
2. to a trust revocable by the transferor?
3. to a trust from which the property reverts to the grantor within 12 years?
- ☐ ☐ I. If this property is subject to a lease, is the remaining lease term 35 years or more including written options?
- ☐ ☐ J. Is this a transfer from parents to children or from children to parents?
- ☐ ☐ K. Is this transaction to replace a principal residence by a person 55 years of age or older?
- ☐ ☐ L. Is this transaction to replace a principal residence by a person who is severely disabled as defined by Revenue and Taxation Code Section 69.5?

If you checked yes to J, K or L, you may qualify for a property tax reassessment exclusion, which may result in lower taxes on your property. Failure to file a claim results in the reassessment of the property.

Please provide any other information that would help the Assessor to understand the nature of the transfer. _____

IF YOU HAVE ANSWERED "YES" TO ANY OF THE ABOVE QUESTIONS EXCEPT J, K, or L, PLEASE SIGN AND DATE.

OTHERWISE COMPLETE BALANCE OF THE FORM.

PART II. OTHER TRANSFER INFORMATION

- A. Date of transfer if other than recording date. _____
- B. Type of transfer. Please check appropriate box.
- ☐ Purchase ☐ Foreclosure ☐ Gift ☐ Trade or Exchange ☐ Merger, Stock or Partnership Acquisition
- ☐ Contract of Sale - Date of Contract _____
- ☐ Inheritance - Date of Death _____ ☐ Other: Please explain: _____
- ☐ Creation of a lease ☐ Assignment of a lease ☐ Termination of a lease ☐ Sale/Leaseback
- ☐ Date lease began _____
- ☐ Original term in years (including written options) _____
- ☐ Remaining term in years (including written options) _____
- C. Was only a partial interest in the property transferred? ☐ Yes ☐ No
- If yes, indicate the percentage transferred _____ %.

PRELIMINARY CHANGE OF OWNERSHIP REPORT

Please answer, to the best of your knowledge, all applicable questions, sign and date. If a question does not apply, indicate with "N/A."

PART III: PURCHASE PRICE & TERMS OF SALE

A. CASH DOWN PAYMENT OR Value of Trade or Exchange (excluding closing cost) Amount \$ _____

B. FIRST DEED OF TRUST @ _____ % interest for _____ years. Pymts./Mo. = \$ _____ (Prin. & Int. only) Amount \$ _____

☐ FHA (Discount Points) ☐ Fixed Rate ☐ New Loan

☐ Conventional ☐ Variable Rate ☐ Assumed Existing Loan Balance

☐ VA (Discount Points) ☐ All Inclusive D.T. (\$ _____ Wrapped) ☐ Bank or Savings & Loan

☐ Cal-Vet ☐ Loan Carried by Seller ☐ Finance Company

Balloon Payment ☐ Yes ☐ No Due Date _____ Amount \$ _____

C. SECOND DEED OF TRUST @ _____ % interest for _____ years. Pymts./Mo. = \$ _____ (Prin. & Int. only) Amount \$ _____

☐ Bank or Savings & Loan ☐ Fixed Rate ☐ New Loan

☐ Loan Carried by Seller ☐ Variable Rate ☐ Assumed Existing Loan Balance

Balloon Payment ☐ Yes ☐ No Due Date _____ Amount \$ _____

D. OTHER FINANCING: Is other financing involved not covered in (b) or (c) above? ☐ Yes ☐ No Amount \$ _____

Type _____ @ _____ % interest for _____ years. Pymts./Mo. = \$ _____ (Principal & Interest only)

☐ Bank or Savings & Loan ☐ Fixed Rate ☐ New Loan

☐ Loan Carried by Seller ☐ Variable Rate ☐ Assumed Existing Loan Balance

Balloon Payment ☐ Yes ☐ No Due Date _____ Amount \$ _____

E. IMPROVEMENT BOND ☐ Yes ☐ No Outstanding Balance: Amount \$ _____

F. TOTAL PURCHASE PRICE: (or acquisition price, if traded or exchanged, include real estate commission if paid).

G. PROPERTY PURCHASED: ☐ Through a broker ☐ Direct from seller ☐ Other (Explain) Total items A through E \$ _____

If purchased through a broker, provide broker's name and phone no.: _____

Please explain any special terms, seller concessions, or financing and any other information that would help the Assessor understand the purchase price and terms of sale. _____

PART IV: PROPERTY INFORMATION

A. IS PERSONAL PROPERTY INCLUDED IN THE PURCHASE PRICE (i.e., furniture, farm equipment, etc.) (other than a mobilehome subject to local property tax)? Yes ☐ No ☐

If yes, enter the value of the personal property included in the purchase price \$ _____ (Attach itemized list of personal property)

B. IS THIS PROPERTY INTENDED AS YOUR PRINCIPAL RESIDENCE? Yes ☐ No ☐

If yes, enter date of occupancy _____ / _____ / 19____ or intended occupancy _____ / _____ / 19____

C. TYPE OF PROPERTY TRANSFERRED:

☐ Single-Family residence ☐ Agricultural ☐ Timeshare

☐ Multiple-Family residence (no. of units: _____) ☐ Co-op/Own-your-own ☐ Mobilehome

☐ Commercial/Industrial ☐ Condominium ☐ Unimproved lot

☐ Other (Description: _____)

D. DOES THE PROPERTY PRODUCE INCOME? ☐ Yes ☐ No If yes, is the income from:

☐ Lease/Rent ☐ Contract ☐ Mineral rights ☐ Other-explain _____

E. WHAT WAS THE CONDITION OF THE PROPERTY AT THE TIME OF SALE?

☐ Good ☐ Average ☐ Fair ☐ Poor

Please explain the physical condition of the property and provide any other information (such as restrictions, etc.) that would assist the Assessor in determining the value of the property. _____

Signed Viola M. Basinger I certify that the foregoing is true, correct and complete to the best of my knowledge and belief. Date Nov. 16, 1998

(New Owner/Corporate Officer)

Please Print Name of New Owner/Corporate Officer Viola M. Basinger

Phone No. where you are available from 8:00 a.m. - 5:00 p.m. (213) 654-2539

(Note: The Assessor may contact you for further information)

* If a document evidencing a change of ownership is presented to the recorder for recordation without the concurrent filing of a PRELIMINARY CHANGE OF OWNERSHIP REPORT, the recorder may charge an additional recording fee of twenty dollars (\$20).

Exhibit Q

EXHIBIT Q

Request # 2d, 3d and 4d to Basinger Trusts and # 2d and 3d to Wagner Trusts:

The current or last known address and phone number of any and all other current and previous owners of the Facility.

BW Trusts' Response:

Contact information for the current trustees of the BW Trusts that own the real property on which the Facility is located is as follows:

For the Basinger Trusts: Viola M. Basinger, Trustee
c/o Don Basinger, her Attorney-in-Fact
FX-6 Personal Privacy
[REDACTED]

For the Wagner Trusts: Linda A. Lipscomb, Trustee
FX-6 Personal Privacy
[REDACTED]

The BW Trusts do not have any contact information for Mustang Motor Products Corporation, which owned the real property on which the Facility is located until May 12, 1966. The California Secretary of State lists the company's corporate registration number and date as C0209416 and 9/31/46, respectively. Corporate status is reported as "dissolved."

Please note that Hawker Pacific Aerospace operates on two separate, adjacent parcels.

The street address used by EPA for the Facility is 11310 Sherman Way, Sun Valley, California 91352, which is the street address for the parcel owned by the BW Trusts. There are three buildings on the parcel (Buildings 1, 2 and 3), which are operated by Hawker Pacific Aerospace. The Los Angeles County Assessor's Identification Number for the real property parcel owned by the BW Trusts is 2319-001-006.

Only the parcel listed above is owned by the BW Trusts. The street address for the other parcel on which Hawker Pacific Aerospace operates is 11240 Sherman Way, Sun Valley, California 91352. The Los Angeles County Assessor's Identification Number for the other parcel is 2319-001-005. The owner of the other parcel is Industrial Bowling Corp., 1819 W. Olive Avenue, Burbank, California 91506. Hawker Pacific Aerospace operates in five buildings on that parcel (Buildings 4, 5, 6, 7 and 8).

Exhibit R

EXHIBIT R

Request # 2e, 2f, 3e, 3f, 4e and 4f to Basinger Trusts and # 2e, 2f, 3e and 3f to Wagner Trusts:

A copy of each lease, rental agreement, or any other document between the Trusts and any business that operated at the Facility for all periods of time that the Trusts owned the Facility.

Each type of business, commercial, or industrial operation conducted at the Facility, and the name of each operator and the dates that each was operating.

BW Trusts' Response:

The present trustee of the Wagner Trusts and the attorney-in-fact for the present trustee of the Basinger Trusts have no direct knowledge about the various past tenants that operated at the Facility from 1966 until the Facility was leased by the current tenant, Hawker Pacific Aerospace, on April 1, 1987. The trustees believe that all such tenants were in the aerospace business, and repaired and overhauled aircraft landing gear at the Facility. Copies of the various leases and other documents relating to tenants that have operated at the Facility from 1966 to the present date, which are in the possession, custody or control of the trustees of the BW Trusts, are attached, and other information available to the trustees is set forth below:

1. October 1966 to August 1968: Stellar Hydraulics Company operated at the Facility. Stellar Hydraulics Company was sold to Canoga Electronics Corporation on August 8, 1968. [See Agreement of Purchase, dated August 8, 1968.]
2. August 8, 1968 to July 1978: Canoga Electronics Corporation continued operations at the Facility under the name of Stellar Hydraulics Company. [See January 26, 1972 letter from Stellar Hydraulics Company, regarding a lease extension, with an unsigned copy of the lease attached. See also Standard Industrial Lease for Stellar Hydraulics Company, dated November 6, 1975.]
3. July 1978 to 1979: Stellar Hydraulics Company, a division of Canoga Industries, assigned its interest in the November 6, 1975 lease to Canoga Landing Gear, Inc. [See Assignment of Lease, dated July 1978.]
4. 1979 to 1982: Canoga Industries reportedly merged with Zero Corporation in 1977 or 1978. Zero Corporation reportedly sold the Facility to Berteia Corporation in 1979. Berteia Corporation reportedly then merged with Parker-Hannifin Corporation in 1980. Stellar Hydraulics, as a division of Parker-Hannifin Corporation, reportedly operated on the property until 1982. Parker-

Hannifin Corporation then reportedly sold the Facility to Flight Accessory Services, a member of The Inchcape Group of Companies, in 1982.

5. 1982 to March 31, 1987: Flight Accessory Services, Inc. operated the Facility until the company was sold to Hawker Pacific, Inc. [*See* various correspondence from Flight Accessory Services, Inc., dated August 7, 1985; from Gordon N. Wagner, dated August 15, 1985; and from Gordon N. Wagner, dated October 8, 1986, regarding extensions of Flight Accessory Services, Inc.'s lease of the Facility. *See also* correspondence from Flight Accessory Services, Inc., a division of Hawker Pacific, Inc., dated April 28, 1987, regarding Hawker Pacific, Inc.'s acquisition of the company.]
6. April 1, 1987 to the present: Hawker Pacific, Inc. has operated the Facility under various lease agreements. [*See* April 1, 1987 lease. *See also* April 8, 1987 Memorandum of Lease. *See also* Lease dated November 21, 1994.)

AGREEMENT OF PURCHASE

BETWEEN

CANOGA ELECTRONICS CORPORATION

AND

STELLAR HYDRAULICS COMPANY

THIS AGREEMENT OF PURCHASE made and entered into this Eight day of August, 1968, by and between CANOGA ELECTRONICS CORPORATION (hereinafter referred to as "Canoga") and STELLAR HYDRAULICS COMPANY (hereinafter referred to as "Stellar").

WITNESSETH:

Stellar and its respective shareholders hereby agree to convey, transfer, assign and deliver to Canoga, or to a wholly-owned subsidiary of Canoga (both Canoga and any such subsidiary as may be designated by Canoga being hereinafter referred to inclusively as "Canoga"), and Canoga hereby agrees to acquire and purchase all of the assets, properties, business and goodwill or all of the issued and outstanding voting stock of Stellar in exchange solely for issuance of shares of Canoga's voting common stock, without par value (hereinafter referred to as the "Canoga Common Stock"):

(i) 60,000 shares of Canoga Common Stock will be issued and delivered to Stellar or to its respective shareholders on the initial closing date contemplated by a definitive Plan and Agreement of Reorganization between Canoga and Stellar. The 60,000 share payment is contingent upon Canoga's assuring itself that Stellar's net earnings before Federal Income Tax for the twelve months ended 10-31-68 will exceed \$175,000. If this assurance is not obtained, the amount of the down payment will be subject to renegotiation.

(ii) In addition to the foregoing shares, Canoga will issue and deliver additional shares up to a maximum noted below, contingent upon Stellar's operating performance as an operating unit of Canoga during the three successive twelve months period beginning at the month end immediately preceding the signing of the definitive Agreement. The number of shares of Canoga stock so deliverable to Stellar will be determined as follows:

(a) Stellar's net earnings (after all applicable charges except Federal income tax) for the first period will be divided by 3.

(b) Stellar's net earnings for the second period will be divided by 3.5.

(c) Stellar's net earnings for the third period will be divided by 4.

(d) The 3 quotients resulting from the above divisions will be averaged and the resulting figure is the total number of shares to be paid by Canoga to Stellar for the acquisition of the Company (the down payment will be subtracted from the above figure).

In no event will the total payment exceed 95,000 Canoga shares.

Some provision can be made if desired for partial payment of shares based on each year's earnings.

(iii) Canoga and Stellar agree to use their best efforts to develop a definitive Plan and Agreement of Reorganization pursuant to Section 368 of the United States Internal Revenue Code so as to qualify the proposed transaction under Section 354 of the said Internal Revenue Code whereby no gain or loss shall be recognized by the Stellar Shareholders.

(iv) The definitive Plan and Agreement of Reorganization will contain representations, warranties, covenants, conditions and undertakings of the type customarily found in acquisition agreements involving acquisition minded companies. Specifically, but without limitation, the said Plan and Agreement of Reorganization will contain a covenant whereby Stellar's key shareholders agree not to compete with Canoga in any areas of its current or future activities.

(v) The number of shares of Canoga Common Stock deliverable following the Performance Periods shall be subject to the customary antidilution provisions resulting from stock splits, reverse stock splits, reorganizations, and like changes in the Canoga Common Stock.

(vi) This Agreement of Purchase is subject to ratification by the Board of Directors of both Canoga and Stellar and no later than five business days following execution of this Agreement of Purchase, Stellar will deliver to Canoga the duly certified resolutions of its Board of Directors authorizing

execution of this Agreement of Purchase and the transactions contemplated herein.

(vii) Reasonable arrangements will be negotiated for providing working capital to Stellar, ~~_____~~

(viii) The Canoga Common Stock will not be registered under the Securities Act of 1933, and no shares of Canoga Common Stock will be issued, nor will any consideration for their issuance be accepted by Canoga, unless and until a definitive permit or permits have been obtained from the Commissioner of Corporations authorizing the specific terms and conditions of the transaction.

(ix) Stellar represents and warrants to Canoga that the Stellar Shareholders who have executed this Agreement of Purchase constitute the holders of all of the issued and outstanding voting stock of Stellar.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement of Purchase as of the day and year first above written.

"Canoga"

CANOGA ELECTRONICS CORPORATION

By *Robert D. [Signature]*

By *[Signature]*

Vice-President
Secretary-Treasurer

"The Stellar Shareholders"

"Stellar"

STELLAR HYDRAULICS COMPANY

By *Gordon N. Wagner*

By *Joseph W. Basinger*

Gordon N. Wagner
Joseph W. Basinger

R-2

STELLAR *Hydraulics Company*

11310 SHERMAN WAY • SUN VALLEY, CALIFORNIA 91352

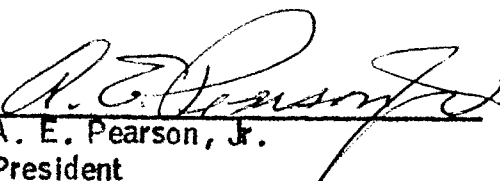
January 26, 1972

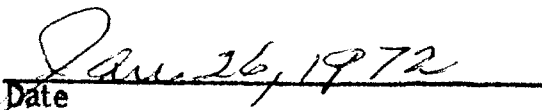
Mr. Gordon N. Wagner
Mr. Joseph W. Basinger
11310 Sherman Way
Sun Valley, California 91352

Gentlemen:

Notice is given that Stellar Hydraulics Company hereby exercises its option to extend the lease for five (5) years on the property located at 11310 Sherman Way, Sun Valley, California 91352 in accordance with the provisions set forth in paragraph 3 of "Amendment No. 1 to Lease".

STELLAR HYDRAULICS COMPANY

By 
A. E. Pearson, Jr.
President


Date

LEASE

LESSOR: GORDON N. WAGNER
JOSEPH W. BASINGER

LESSEE: STELLAR HYDRAULICS COMPANY,
a California Corporation

L E A S E

Lessor: GORDON N. WAGNER
11950 Susan Drive
Granada Hills, California 91344

JOSEPH W. BASINGER
2246 Ridgemont Drive
Hollywood, California 90046

Lessee: STELLAR HYDRAULICS COMPANY
11310 Sherman Way
Sun Valley, California 91352

Term: Five (5) Years and Two (2) Months
1 March 1967 to 30 April 1972

Options: One (1) Five (5) Year Renewal Option
1 May 1972 to 30 April 1977

Rental: \$2,199.00 Per Month
Rental During Option Period -
\$2,199.00 Per Month

Address: 11310 Sherman Way
Sun Valley, California 91352

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LEASE

THIS LEASE made and executed in Los Angeles County, California, as of the 1st day of March, 1967, by and between GORDON N. WAGNER and JOSEPH W. BASINGER (herein collectively called "Lessor"), and STELLAR HYDRAULICS COMPANY, a California corporation (herein called "Lessee").

WITNESSETH:

WHEREAS, Lessee has heretofore and it now is leasing and occupying the demised premises hereinafter described on an oral lease basis, and the parties hereto desire to reduce the provisions of said lease to writing;

NOW, THEREFORE, Lessor hereby leases to Lessee and Lessee hereby leases of and from Lessor the real property located at 11310 Sherman Way, Sun Valley, California 91352, together with the two one-story industrial buildings of approximately 18,000 square feet and 5,780 square feet located thereon, and all other improvements and appurtenances thereto.

The demised real property and all improvements now or hereafter placed thereon are herein called the "demised premises".

1. TERM

(a) The five (5) year and two (2) month term of this Lease shall commence at 12:01 A.M. on the first day of March, 1967, and it shall terminate at 11:59 P.M. on the thirtieth day of April, 1972. Lessee acknowledges that it is familiar with the condition and state of repair of the demised premises and that Lessee accepts possession of the demised premises as now existing.

(b) Lessee has heretofore leased and occupied the demised premises from Lessor in accordance with the provisions of an oral lease. Lessor and Lessee do hereby mutually agree that said prior lease and the term thereof was surrendered by Lessee to Lessor, such surrender was accepted by Lessor, and said lease and the term thereof shall be cancelled and terminated effective as of and from and after 12:01 A.M. March 1, 1967.

2. RENTAL

(a) Lessee shall pay to Lessor as rental for the demised premises Two Thousand One Hundred Ninety-nine Dollars

(\$2,199.00) per month, payable monthly in advance on the first day of each and every calendar month of said term, commencing March 1, 1967, in lawful money of the United States of America.

(b) Said rental shall be paid to Lessor at such place or places at which Lessor in writing may from time to time reasonably direct.

(c) In the event this Lease is terminated for any reason other than the default of Lessee, Lessor shall thereupon repay to Lessee any unearned rent theretofore paid to Lessor.

3. OPTION TO EXTEND TERM

(a) Provided that Lessee is not then in default hereof, Lessor hereby grants to Lessee an option to extend the term for a period of five (5) years from and after the expiration of the original term hereof, upon the same terms, covenants and conditions prescribed hereby. Such option shall be exercised by Lessee giving to Lessor notice of its election to exercise such option at least ninety (90) days prior to the expiration of the initial term hereof. Upon the giving of such notice the term of this Lease shall thereby be extended for an additional term of five (5) years,

and the parties hereto shall be bound by all the terms, covenants and conditions hereof for such additional term at said monthly rental of Two Thousand One Hundred Ninety-nine Dollars (\$2,199.00).

(b) Whenever the phrases "term of this Lease", "term hereof", or similar phrases, are used herein, they shall include and be construed to include all extensions hereof.

4. TAXES AND ASSESSMENTS

(a) Lessor shall pay before delinquency all taxes and assessments of any nature which may hereafter be levied against the demised premises, except as provided in paragraph (b) hereof.

(b) Lessee shall pay to Lessor an amount equal to the taxes on the land and all improvements thereon, exclusive of any and all assessments, general or special, subject to the provisions of paragraph (c) hereof, upon presentation by Lessor to Lessee of a "paid" county tax bill for an entire year, such amount to be prorated in accordance with the term hereof, and shall pay all lawful personal property taxes assessed against all equipment and personal properties placed by Lessee on the demised premises during the term hereof.

(c) In the event any assessment, general or special, for improvements of a capital nature, such as a street, storm drain, sewer, or other utility, is levied or assessed against the demised premises, Lessee shall pay to Lessor each year, prorated in accordance with the term hereof, on presentation by Lessor to Lessee of a "paid" county tax bill, an amount equal to one-twentieth (1/20) of said assessment, or if said assessment is payable in annual installments, an amount equal to one such annual installment, whichever is the lesser amount.

(d) Lessee shall have the right to contest the validity of any tax which it has paid or is required to pay hereunder, and for that purpose shall have the right, at its sole cost, to institute such proceeding or proceedings in the name of Lessor or Lessee as Lessee may deem necessary. Such proceedings may be commenced in the name of Lessor, Lessee, or both. Lessor shall cooperate with Lessee, execute such documents and perform such acts to the extent reasonably required by Lessee to effectively contest the validity of such tax, all at Lessee's sole cost.

(b) Except as above provided, Lessor shall not be obligated to repair, maintain or alter the demised premises or any part thereof. Lessee shall keep the demised premises, including all improvements, equipment and plumbing, in good condition and repair and in a good, clean and safe condition at all times during the term of this Lease and return the same to Lessor at any termination hereof in as good condition and state of repair as the same are in as of the commencement of the term hereof, except for loss or damage occasioned by reasonable wear and tear or excepted perils as hereinafter defined.

(c) In the event that during the term hereof any alteration, addition or other change to the demised premises, or any portion thereof, is required to be made by the enactment, amendment or repeal of any statute, ordinance, rule or regulation, or by the rendering of any judicial or administrative decision, then and in that event:

- (i) If such alteration, addition or change is required solely by reason of the manner or mode or character of Lessee's use of the demised premises, or by reason of any alteration, addition or change theretofore made to the demised premises by Lessee, then said alteration, addition and change shall be made and paid for by Lessee;
- (ii) If said alteration, addition or change is required for any other reason, including but not limited to a structural defect in any building which is a part of the demised premises, or other condition relating to the demised premises which was in existence as of the date hereof, then said alteration, addition and change shall be made and paid for by Lessor.

(d) Lessor, its agents and representatives, may enter upon

the demised premises at any reasonable time for the purpose of inspecting the same, subject at all times to any restrictions imposed by any security law, rule or regulation enacted or promulgated by the United States of America, or any duly authorized agent or agency thereof, or of Lessee, designed for national security or plant protection.

8. ALTERATIONS AND IMPROVEMENTS

(a) Lessee shall not make any alterations or improvements which affect the demised premises structurally without first obtaining Lessor's approval. All such permanent alterations and improvements shall become the property of Lessor, subject to Lessee's right to use same during the term hereof.

(b) All fixtures and improvements of a detachable or temporary nature, including but not limited to lighting fixtures, power supply systems, and heating and air conditioning units, exclusive of ducting, placed upon the demised premises by Lessee, shall remain the property of Lessee, subject to Lessee's right, at its option, to remove same not later than the termination of this Lease if such termination is not the result of a default or breach by Lessee. Lessee shall promptly repair any damage resulting from such removal at its own cost and expense, and to the extent that any such removal causes the building or any portion thereof not to comply with the applicable building codes, Lessee shall perform such additional work as

shall be required as the result of such removal to cause such building or components thereof to comply with said codes. In addition, to the extent that any such removal causes the building or any portion thereof not to be in an operable condition, Lessee shall perform such additional work as shall be required to place said building or component thereof in an operable condition, except as to those fixtures and improvements installed by Lessee.

(c) Lessee may, at its own expense, make reasonable alterations or additional improvements which do not affect the demised premises structurally, without any restriction, except such restrictions as may be imposed by any applicable law, ordinance or regulation.

(d) Notwithstanding the foregoing provisions, if Lessee has actual knowledge of any condition reasonably requiring any repair to the demised premises or requiring the performance of any other act, and a delay in the performance thereof may result in material loss or damage to the demised premises, Lessee shall have the right, at its option, to make such repairs or perform such act promptly without first obtaining Lessor's prior approval if otherwise required hereunder. Lessee shall, as soon as practicable thereafter, notify Lessor of the facts and shall be entitled to be reimbursed promptly for all its

reasonable costs incurred in connection therewith.

9. SIGNS

Lessee may erect, place or maintain such sign or signs on the demised premises as are usual to the type of operation conducted by Lessee.

10. MECHANIC'S LIENS

(a) If a "mechanic's lien" or other statutory lien is filed against the demised premises arising from any work, labor or material furnished to Lessee in connection with any improvements made by Lessee upon the demised premises, Lessee shall, subject to the following, promptly pay and discharge the same.

(b) If Lessee fails to pay and discharge the same for a period of thirty (30) days after such lien shall have been filed against the demised premises, Lessor shall first notify Lessee of its intention to pay all or a portion thereof. Lessee may then, within ten (10) days after the receipt of such notice, notify Lessor that it believes it has a valid defense to any such asserted claim or lien, that it desires to contest the same, and shall promptly deliver to Lessor a good and sufficient bond duly executed by a surety company authorized to write such bonds in the State of California, indemnifying Lessor against any loss arising therefrom.

(c) If Lessee so notifies Lessor, Lessee shall thereupon diligently proceed to have the validity of said lien determined by proper proceedings, legal or otherwise, and Lessor shall not make any payment on account of any such lien until the validity thereof has been determined by final adjudication or action, unless it be necessary that such payment be made to prevent a sale or forfeiture of the demised premises or to redeem the same from any sale or forfeiture.

(d) If Lessee does not so notify Lessor, Lessor may at its option pay all or any portion of the amount of said lien, and pay any sum necessary to prevent a judgment or execution, or sale or forfeiture of the demised premises, or redeem the same from any sale or forfeiture made on account thereof. The amounts so paid, including all expenses and reasonable attorney's fees, shall be repaid to Lessor at the next rent paying date after such payment, together with interest thereon at the rate of seven percent (7%) per annum from the date of payment by Lessor until repaid as aforesaid.

(e) A copy of any notice, writ, process or demand served upon either Lessor or Lessee with respect to said "mechanic's liens", or other statutory lien, shall promptly be forwarded to the other party. Lessor may post upon the demised premises at any time it may see fit, notices of non-responsibility in the manner provided by law.

11. PUBLIC LIABILITY INSURANCE AND INDEMNIFICATION

(a) Lessee indemnifies and holds Lessor harmless from any injury or damage to Lessor or its agents or employees, and from any and all liability for injury to third persons or damage to the property of third persons while lawfully upon the demised premises, occurring by reason of any negligent act or omission of Lessee, its agents or employees.

(b) Lessor indemnifies and holds Lessee harmless from any injury or damage to Lessee or its agents or employees, and from any and all liability for injury to third persons or damage to the property of third persons while lawfully upon the demised premises, occurring by reason of any negligent act or omission of Lessor, its agents or employees.

(c) Lessee shall secure and maintain, at its expense, public liability insurance in amounts not less than hereinafter specified for the protection of Lessor and Lessee, as their respective interests may appear:

\$ 10,000.00 Property Damage

\$100,000.00 For death or injury to any one person
in any one accident

\$300,000.00 For death or injury to two or more
persons in any one accident

A copy of each insurance policy, or certificate thereof,

issued by a responsible and solvent corporation or association authorized to issue such policy or policies under the laws of the State of California, shall be delivered to Lessor within a reasonable time after the same has been issued.

12. FIRE AND EXTENDED COVERAGE INSURANCE

(a) Lessor shall, at its expense, secure and maintain fire and extended coverage insurance upon the demised premises. Such insurance shall be in an amount equal to the value of the improvements on the demised premises, shall be written by an insurance company or association authorized to issue such policies under the laws of the State of California, and shall not be subject to cancellation upon less than ten (10) days' written notice to Lessee. Such insurance by its terms or by endorsement shall waive any right of subrogation of the insurer against Lessee, its agents and employees, for any loss or damage resulting from fire or extended coverage perils.

(b) Lessee shall reimburse Lessor for the premium on such insurance upon tender by Lessor of the "paid" invoice therefor; provided, however, Lessee shall not be obligated to reimburse Lessor for such premium in an amount greater than that which Lessee would have had to pay for like insurance if Lessee had obtained such insurance through its own sources in equally responsible insurance companies.

(c) Notwithstanding any other provision of this Lease, Lessee shall in no event be liable for loss of or damage to the demised premises caused by fire or extended coverage perils, the elements, earthquake, act of God, war or any act of war, or any other cause beyond the control of Lessee, herein called "excepted perils".

13. GOVERNMENTAL REGULATIONS

(a) Lessee shall, at its expense, comply with all applicable laws, ordinances and regulations in its use of the demised premises, subject to the provisions of the article hereof entitled "Repairs and Maintenance".

(b) Lessee shall, however, have the right to contest or review by legal proceedings, or in any such other manner as Lessee deems suitable, any such laws, ordinances and regulations. Such proceedings may be commenced in the name of Lessor, Lessee, or both. Lessor shall cooperate with Lessee, execute such documents, and perform such acts as may be reasonably required to effectively prosecute such contest or review, all at Lessee's sole expense.

14. RIGHT TO ASSIGN AND SUBLET

(a) Lessee shall not assign the demised premises, or any part thereof, or transfer, assign, hypothecate or

encumber this Lease or any part hereof, or any right or interest herein, without first obtaining the approval of Lessor in each instance. Lessor shall not unreasonably withhold such approval. Lessee may sublet all or any portion of the demised premises.

(b) Lessee, however, may, without the approval of Lessor, assign this Lease, or any interest herein, to any parent, affiliate, subsidiary, or successor of Lessee, whether by merger, consolidation, or otherwise. No assignment or subletting shall in any manner release either party from any of its obligations and duties hereunder, and Lessee, in addition, shall be liable to Lessor as guarantor of all the obligations of any such assignee or sublessee.

15. DESTRUCTION OF DEMISED PREMISES

Should the demised premises be destroyed or damaged in whole or in part at any time hereafter by fire, earthquake, act of God, or acts of the public enemy, or by any other casualty, the rights and duties of the parties with respect to reconstruction, rebuilding or repair thereof, and with respect to the continuance or termination of this Lease shall be as follows:

(a) If the cost of reconstructing, rebuilding, or repairing is less than fifty percent (50%) of the total value of all improvements, excluding personal properties and improvements

made by Lessee, Lessor shall reconstruct, rebuild or repair the demised premises, exclusive of improvements made by Lessee, without unreasonable delay, at Lessor's sole cost and expense. During the period of such reconstruction, rebuilding or repairing, the rental herein provided to be paid by Lessee shall be reduced on a pro rata basis in the same proportion that the area of the buildings on the demised premises occupied by Lessee after such casualty bears to the area of said buildings prior to such casualty.

(b) If the cost of reconstructing, rebuilding, or repairing is fifty percent (50%) or more of the total value of all improvements (excluding personal properties and improvements made by Lessee), either Lessee or Lessor may terminate this Lease at any time within thirty (30) days from the date of such casualty upon notice to the other. In the event this Lease is not so terminated, Lessor shall reconstruct, rebuild or repair said demised premises, exclusive of improvements made by Lessee, without unreasonable delay, at Lessor's sole cost and expense. In this event the rentals shall be prorated during the period of such reconstructing, rebuilding or repairing in the manner provided in subparagraph (a) above.

(c) Notwithstanding the foregoing provisions, if in Lessee's reasonable opinion the damages caused by any such

casualty cannot be repaired within one hundred twenty (120) days after the date of such casualty, and in addition such damages make the use of said premises by Lessee impracticable, Lessee shall have the right at its option to cancel this Lease upon notice to Lessor within twenty (20) days from and after the date of such casualty.

(d) Any such termination shall be deemed effective as of the date of the casualty and each of the parties hereto shall be relieved of all further obligations hereunder not accrued before said date, except Lessee shall not be relieved of its obligation to surrender possession of the demised premises.

16. DEFAULT

(a) All the provisions of this Lease are conditions precedent to be faithfully and fully performed and observed by Lessee to entitle Lessee to continue its possession of the demised premises.

(b) If Lessee defaults in the performance of any condition or covenant in this Lease (except the payment of rent) and fails to rectify said default within fifteen (15) days after notice thereof is given to Lessee by Lessor, Lessor may at its option terminate this Lease; provided, however, if such default cannot with reasonable diligence be rectified within said fifteen

(15) day period, then it shall be deemed rectified if Lessee shall have commenced to rectify such default within said fifteen (15) day period and shall diligently continue its efforts until such default is fully rectified.

(c) However, if such default is for the failure to pay rent, or any other sum of money due or owing by Lessee to Lessor under this Lease, and if such default is not rectified within ten (10) days after notice thereof is given Lessee by Lessor, Lessor may, at its option, terminate this Lease.

17. COVENANTS OF SEISIN AND QUIET ENJOYMENT

(a) Lessee, its successors and assigns, shall peaceably and quietly hold and use the demised premises during the term hereof without any litigation, trouble, molestation, eviction or disturbance by Lessor, and Lessor shall, at its own expense, defend Lessee's right to peaceably and quietly hold and use the demised premises during the term hereof against all persons claiming the same.

(b) Lessor warrants that upon or prior to commencement of the term hereof it shall be seized in fee simple of the demised premises, subject to matters of record; that Lessor has full right, power and authority to make this Lease.

(c) If Lessee should be ousted from the possession or use of the demised premises by reason of any defect in the title of Lessor, or by reason of any encumbrances affecting the demised premises, or by any reason not arising from its default hereunder, Lessee shall not be required to pay any rent under this Lease while it is so deprived of such possession or use, and if Lessee is so deprived of the possession or use of the demised premises for a period of thirty (30) days, Lessee may thereafter at its option, upon notice to Lessor, terminate this Lease, and Lessor shall repay to Lessee any prepaid rental theretofore paid to Lessor.

18. NOTICES

All notices, demands and consents under this Lease shall be in writing, addressed to each party at the appropriate address shown below, and served personally, by telegram, or by United States registered or certified mail.

Each Party	Gordon N. Wagner
Comprising Lessor:	11950 Susan Drive
	Granada Hills, California 91344

	Joseph W. Basinger
	2246 Ridgemont Drive
	Hollywood, California 90046

Lessee:	Stellar Hydraulics Company
	11310 Sherman Way
	Sun Valley, California 91352

Either party shall have the right from time to time to change such address upon notice to the other.

19. SUCCESSORS AND ASSIGNS

(a) All of the provisions of this Lease shall also extend to, bind, and inure to the benefit of, as the case may require, each and every heir, administrator, successor and assign of the respective parties hereto. Any reference in this Lease to either party shall be deemed to include the heirs, administrators, successors and assigns of each of the parties hereto. All of the covenants and conditions of this Lease shall be construed as covenants running with the land.

(b) Nothing contained in this article, however, shall constitute nor be construed as a waiver of the necessity of obtaining in each instance the approval of Lessor wherever required hereunder.

(c) For convenience only, the parties comprising Lessor have been referred to herein in the singular number and neuter gender. However, all references to Lessor shall refer to and include each party comprising Lessor, both jointly and severally.

(d) GORDON N. WAGNER owns an undivided two-thirds (2/3) interest in the demised premises and under this Lease, and JOSEPH W. BASINGER owns an undivided one-third (1/3) interest in the demised premises and under this Lease. Lessee shall not be concerned with nor liable for any dispute arising between the individuals comprising Lessor.

20. ASSISTANCE AND COSTS IN LAWSUITS

Should suit be instituted for collection of any rental or other sum, payment of which is provided herein, recovery of possession of the demised premises, or enforcement by either party hereto of any of the terms, conditions or covenants herein contained, or right hereunder, the prevailing party shall recover from the other, in addition to any other judgment or recovery through said suit, such costs and reasonable attorney's fees as it may have incurred in connection therewith.

21. CONDEMNATION

(a) If an area containing one-half (1/2) or more of the total area of the improvements occupied by Lessee hereunder shall be taken or condemned by any competent authority for any public or quasi-public use or purpose, this Lease shall cease and terminate on the date when said area is so taken. Except as provided below, all condemnation awards shall belong to Lessor, but Lessor shall reimburse Lessee for any prepaid rental on a daily pro rata basis.

(b) If the provisions of subparagraph (a) hereof are inapplicable, but nevertheless an area containing more than one-half (1/2) of the total area of the demised premises shall be so taken or condemned, or an area containing more than one-fourth (1/4) of the total area of the improvements occupied by Lessee hereunder shall be so taken or condemned, Lessee shall

22. HOLDING OVER

In the event Lessee shall hold over possession of the demised premises upon the expiration of the term herein set forth, with the consent, express or implied, of Lessor, such holding shall be construed to be a tenancy from month to month upon the same terms, covenants and conditions as set forth above.

23. REMEDIES

The remedies provided the parties herein shall be cumulative and in addition to any other remedies provided by law or equity.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease as of the day and year first above written.

GORDON N. WAGNER

JOSEPH W. BASINGER

Lessor

STELLAR HYDRAULICS COMPANY

By _____

By _____

Lessee

Standard Industrial Lease

1. Parties. This Lease, dated, for reference purposes only, November 6, 19 75, is made by and between Gordon N. Wagner & Joseph W. Basinger (herein called "Lessor") and Stellar Hydraulics Company, A California Corporation (herein called "Lessee").

2. Premises. Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental, and upon all of the conditions set forth herein, that certain real property situated in the County of Los Angeles State of California, commonly known as 11310 Sherman Way, Sun Valley, California 91352

and described as

SEE ATTACHED

Said real property including the land and all improvements thereon, is herein called "the Premises".

3. Term.

3.1 Term. The term of this Lease shall be for Ten (10) years commencing on March 1, 1976 and ending on February 28, 1986 unless sooner terminated pursuant to any provision hereof.

3.2 Delay in Commencement. Notwithstanding said commencement date, if for any reason Lessor cannot deliver possession of the Premises to Lessee on said date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Lessee hereunder or extend the term hereof, but in such case Lessee shall not be obligated to pay rent until possession of the Premises is tendered to Lessee; provided, however, that if Lessor shall not have delivered possession of the Premises within sixty (60) days from said commencement date, Lessee may, at Lessee's option, by notice in writing to Lessor within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder. If Lessee occupies the Premises prior to said commencement date, such occupancy shall be subject to all provisions hereof, such occupancy shall not advance the termination date, and Lessee shall pay rent for such period at the initial monthly rates set forth below.

4. Rent. Lessee shall pay to Lessor as rent for the Premises Six Hundred Forty Five Thousand One Hundred Twenty (\$645,120.00), payable in equal monthly installments of \$ 5,376.00, in advance, on the first day of each month of the term hereof. Lessee shall pay Lessor upon the execution hereof \$ 5,376.00 as rent for the first month's rent

Rent for any period during the term hereof which is for less than one month shall be a pro rata portion of the monthly installment. Rent shall be payable in lawful money of the United States to Lessor at the address stated herein or to such other persons or at such other places as Lessor may designate in writing.

5. Security Deposit. Lessee shall deposit with Lessor upon execution hereof \$ 10,752.00 as security for Lessee's faithful performance of Lessee's obligations hereunder. If Lessee fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Lessor may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default or for the payment of any other sum to which Lessor may become obligated by reason of Lessee's default, or to compensate Lessor for any loss or damage which Lessor may suffer thereby. If Lessor so uses or applies all or any portion of said deposit, Lessee shall within ten (10) days after written demand therefor deposit cash with Lessor in an amount sufficient to restore said deposit to the full amount hereinabove stated and Lessee's failure to do so shall be a material breach of this Lease. Lessor shall not be required to keep said deposit separate from its general accounts. If Lessee performs all of Lessee's obligations hereunder, said deposit, or so much thereof as has not theretofore been applied by Lessor, shall be returned, without payment of interest or other increment for its use, to Lessee (or, at Lessor's option, to the last assignee, if any, of Lessee's interest hereunder) at the expiration of the term hereof, and after Lessee has vacated the Premises.

6. Use.

6.1 Use. The Premises shall be used and occupied only for the manufacturing storage and distribution of Lessee's products and related activities.

6.2 Compliance with Law. Lessee shall, at Lessee's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term or any part of the term hereof regulating the use by Lessee of the Premises. Lessee shall not use or permit the use of the Premises in any manner that will tend to create waste or a nuisance or, if there shall be more than one tenant of the building containing the Premises, which shall tend to disturb such other tenants.

6.3 Condition of Premises. Lessee hereby accepts the Premises in their condition existing as of the date of the ~~execution~~ hereof, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that neither Lessor nor Lessor's agent has made any representation or warranty as to the suitability of the Premises for the conduct of Lessee's business.

7. Maintenance, Repairs and Alterations.

7.1 Lessee's Obligations. Lessee shall during the term of this Lease keep in good order, condition and repair, the Premises and every part thereof, structural or non-structural, and all adjacent sidewalks, landscaping, driveways, parking lots, fences and signs located in the areas which are adjacent to and included with the Premises. Lessor shall incur no expense nor have any obligation of any kind whatsoever in connection with maintenance of the Premises, and Lessee expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Premises in good order, condition and repair.

7.2 Surrender. On the last day of the term hereof, or on any sooner termination, Lessee shall surrender the Premises to Lessor in the same condition as when received, broom clean, ordinary wear and tear excepted. Lessee shall repair any damage to the Premises occasioned by the removal of Lessee's trade fixtures, furnishings and equipment pursuant to Paragraph 7.4(c), which repair shall include the patching and filling of holes and repair of structural damage.

7.3 Lessor's Rights. If Lessee fails to perform Lessee's obligations under this Paragraph 7, Lessor may at its option (but shall not be required to) enter upon the Premises, after ten (10) days' prior written notice to Lessee, and put the same in good order, condition and repair, and the cost thereof together with interest thereon at the rate of 10% per annum shall become due and payable as additional rental to Lessor together with Lessee's next rental installment.

7.4 Alterations and Additions.

(a) Lessee shall not, without Lessor's prior written consent, make any alterations, improvements, additions, utility installations in on or about the Premises, except for non-structural alterations not exceeding \$1,000 in cost. As used in this Paragraph 7.4, the term "utility installations" shall include bus ducting, power panels, fluorescent fixtures, space heaters, conduits and wiring. As a condition to giving such consent, Lessor may require that Lessee agree to remove any such alterations, improvements, additions or utility installations at the expiration of the term, and to restore the Premises to their prior condition. As a further condition to giving such consent, Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, a lien and completion bond in an amount equal to one and one-half times the estimated cost of such improvements, to insure Lessor against any liability for mechanics' and materialmen's liens and to insure completion of the work.

(b) Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in the Premises, and Lessor shall have the right to post notices of non-responsibility in or on the Premises as provided by law.

(c) Unless Lessor requires their removal, as set forth in Paragraph 7.4(a), all alterations, improvements, modifications and utility installations (whether or not such utility installations constitute trade fixtures of Lessee, which may be made on the Premises, shall become the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this Paragraph 7.4(c), Lessee's machinery and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, shall remain the property of Lessee and may be removed by Lessee subject to the provisions of Paragraph 7.2.

8. Insurance; Indemnity.

8.1 Insuring Party. As used in this Paragraph 8, the term "insuring party" shall mean the party who has the obligation to obtain the insurance required hereunder. The insuring party in this case shall be designated following the signatures of the parties below. Whether the insuring party is the Lessor or the Lessee, Lessee shall, as additional rent for the Premises, pay the cost of all insurance required hereunder. If Lessor is the insuring party Lessee shall, within ten (10) days following demand by Lessor, reimburse Lessor for the cost of the insurance so obtained.

8.2 Liability Insurance. The insuring party shall obtain and keep in force during the term of this Lease a policy of comprehensive public liability insurance insuring Lessor and Lessee against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be in an amount of not less than \$300,000 for injury to or death of one person in any one accident or occurrence and in an amount of not less than \$500,000 for injury to or death of more than one person in any one accident or occurrence. Such insurance shall further insure Lessor and Lessee against liability for property damage of at least \$50,000. The limits of said insurance shall not, however, limit the liability of Lessee hereunder. In the event that the Premises constitute a part of a larger property said insurance shall have a Lessor's Protective Liability endorsement attached thereto. If the insuring party shall fail to procure and maintain said insurance the other party may, but shall not be required to, procure and maintain the same, but at the expense of Lessee.

8.3 Property Insurance. The insuring party shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Premises, in the amount of the full replacement value thereof, against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk) and sprinkler leakage. Said insurance shall provide for payment of loss thereunder to Lessor or to the holder of a first mortgage or deed of trust on the Premises. The insuring party shall, in addition, obtain and keep in force during the term of this Lease a policy of rental income insurance covering a period of six months, with loss payable to Lessor. If the insuring party shall fail to procure and maintain said insurance the other party may, but shall not be required to, procure and maintain the same, but at the expense of Lessee. (for addition hereto see following item 16.21 herein.)

8.4 Insurance Policies. Insurance required hereunder shall be in companies rated AAA or better in "Best's Insurance Guide". The insuring party shall deliver to the other party copies of policies of such insurance or certificates evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to Lessor. No such policy shall be cancellable or subject to reduction of coverage or other modification except after ten (10) days' prior written notice to Lessor. If Lessee is the insuring party Lessee shall, within ten (10) days prior to the expiration of such policies, furnish Lessor with renewals or "binders" thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee upon demand. Lessee shall not do or permit to be done anything which shall invalidate the insurance policies referred to in Paragraph 8.3. If Lessee does or permits to be done anything which shall increase the cost of the insurance policies referred to in Paragraph 8.3, then Lessee shall forthwith upon Lessor's demand reimburse Lessor for any additional premiums attributable to any act or omission or operation of Lessee causing such increase in the cost of insurance. If Lessor is the insuring party, and if the insurance policies maintained hereunder cover other improvements in addition to the Premises, Lessor shall deliver to Lessee a written statement setting forth the amount of any such insurance cost increase and showing in reasonable detail the manner in which it has been computed.

8.5 Waiver of Subrogation. Lessee and Lessor each hereby waive any and all rights of recovery against the other, or against the officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control to the extent that such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. The insuring party shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

8.6 Indemnity. Lessee shall indemnify and hold harmless Lessor from and against any and all claims arising from Lessee's use of the Premises, or from the conduct of Lessee's business or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or elsewhere and shall further indemnify and hold harmless Lessor from and against any and all claims arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease, or arising from any negligence of the Lessee, or any of Lessee's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against Lessor by reason of any such claim, Lessee upon notice from Lessor shall defend the same at Lessee's expense by counsel ~~selected by Lessor~~ Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property or injury to persons, in, upon or about the Premises arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor.

8.7 Exemption of Lessor from Liability. Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises, nor shall Lessor be liable for injury to the person of Lessee, Lessee's employees, agents or contractors, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether the said damage or injury results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part, or from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Lessee. Lessor shall not be liable for any damages arising from any act or neglect of any other tenant, if any, of the building in which the Premises are located.

9. Damage or Destruction.

9.1 Partial Damage—Insured. Subject to the provisions of Paragraph 9.4, if the Premises are damaged and such damage was caused by a casualty covered under an insurance policy required to be maintained pursuant to Paragraph 8.3, Lessor shall at Lessor's expense repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. Notwithstanding the above, if the Lessee is the insuring party, and if the insurance proceeds received by Lessor are not sufficient to effect such repair, Lessor shall give notice to Lessee of the amount required in addition to the insurance proceeds to effect such repair. Lessee may, at Lessee's option, contribute the required amount, but upon failure to do so within thirty (30) days following such notice, Lessor's sole remedy shall be, at Lessor's option and with no liability to Lessee, to cancel and terminate this lease. If Lessee shall contribute such amount to Lessor within said thirty (30) day period, Lessor shall make such repairs as soon as reasonably possible and this lease shall continue in full force and effect. Lessee shall in no event have any right to reimbursement for any such amount so contributed.

9.2 Partial Damage—Uninsured. Subject to the provisions of Paragraph 9.4, if at any time during the term hereof the Premises are damaged, except by a negligent or willful act of Lessee, and such damage was caused by a casualty not covered under an insurance policy required to be maintained pursuant to Paragraph 8.3, Lessor may at Lessor's option either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease as of the date of the occurrence of such damage. In the event Lessor elects to give such notice of Lessor's intention to cancel and terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's intention to repair such damage at Lessee's expense, without reimbursement from Lessor, in which event this Lease shall continue in full force and effect, and Lessee shall proceed to make such repairs as soon as reasonably possible. If Lessee does not give such notice within such 10-day period this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

9.3 Total Destruction. If at any time during the term hereof the Premises are totally destroyed from any cause whether or not covered by the insurance required to be maintained pursuant to Paragraph 8.3 (including any total destruction required by any authorized public authority) this Lease shall automatically terminate as of the date of such total destruction.

9.4 Damage Near End of Term. If the Premises are partially destroyed or damaged during the last six months of the term of this Lease, Lessor may at Lessor's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within 30 days after the date of occurrence of such damage.

9.5 Abatement of Rent; Lessee's Remedies.

(a) If the Premises are partially destroyed or damaged and Lessor or Lessee repairs or restores them pursuant to the provisions of this Article, the rent payable under Paragraph 4 for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired; provided, however, that the aggregate amount of abatement hereunder shall not exceed the total of rent payable under Paragraph 4 for a period of six months. Except for abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises under the provisions of this Paragraph 9 and shall not commence such repair or restoration within 90 days after such obligation shall accrue, Lessee may at Lessee's option cancel and terminate this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement of such repair or restoration. In such event this Lease shall terminate as of the date of such notice. Any abatement in rent shall be computed as provided in Paragraph 9.5(a).

9.6 Termination—Advance Payments. Upon termination of this Lease pursuant to this Paragraph 9, an equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's security deposit as has not theretofore been applied by Lessor.

10. Real Property Taxes.

10.1 Payment of Taxes. Lessee shall pay all real property taxes applicable to the Premises during the term of this Lease. All such payments shall be made at least ten (10) days prior to the delinquency date of such payment. Lessee shall promptly furnish Lessor with satisfactory evidence that such taxes have been paid. If any such taxes paid by Lessee shall cover any period of time prior to or after the expiration of the term hereof, Lessee's share of such taxes shall be equitably prorated to cover only the period of time within the tax fiscal year during which this Lease shall be in effect, and Lessor shall reimburse Lessee to the extent required. If Lessee shall fail to pay any such taxes, Lessor shall have the right to pay the same, in which case Lessee shall repay such amount to Lessor with Lessee's next rent installment together with interest at the rate of 10% per annum.

10.2 Definition of "Real Property" Tax. As used herein, the term "real property tax" shall include any form of assessment, license fee, commercial rental tax, levy, penalty, or tax (other than inheritance or estate taxes), imposed by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement district thereof, as against any legal or equitable interest of Lessor in the Premises or in the real property of which the Premises are a part, as against Lessor's right to rent or other income therefrom, or as against Lessor's business of leasing the Premises.

10.3 Joint Assessment. If the Premises are not separately assessed, Lessee's liability shall be an equitable proportion of the real property taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.4 **Personal Property Taxes.** Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere. When possible, Lessee shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor.

11. **Utilities.**

Lessee shall pay for all water, gas, heat, light, power, telephone and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to Lessee, Lessee shall pay a reasonable proportion to be determined by Lessor of all charges jointly metered with other premises.

12. **Assignment and Subletting.**

12.1 **Lessor's Consent Required.** Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in this Lease or in the Premises, without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a breach of this Lease.

12.2 **No Release of Lessee.** Regardless of Lessor's consent, no subletting or assignment shall release Lessee of Lessee's obligation or alter the primary liability of Lessee to pay the rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of rent by Lessor from any other person shall not be deemed to be a waiver by Lessor of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting.

12.3 **Attorney's Fees.** In the event that Lessor shall consent to a sublease or assignment under Paragraph 12.1, Lessee shall pay Lessor's reasonable attorneys' fees not to exceed \$100 incurred in connection with giving such consent.

13. **Defaults; Remedies.**

13.1 **Defaults.** The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Lessee:

(a) The vacating or abandonment of the Premises by Lessee.

(b) The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of three days after written notice thereof from Lessor to Lessee.

(c) The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee, other than described in paragraph (b) above, where such failure shall continue for a period of 30 days after written notice hereof from Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than 30 days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commenced such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(d) (i) The making by Lessee of any general assignment, or general arrangement for the benefit of creditors; (ii) the filing by or against Lessee of a petition to have Lessee adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days.

13.2 **Remedies.** In the event of any such material default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default or breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorney's fees, and any real estate commission actually paid; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided; that portion of the leasing commission paid by Lessor pursuant to Paragraph 15 applicable to the unexpired term of this Lease. Unpaid installments of rent or other sums shall bear interest from the date due at the rate of 10% per annum. In the event Lessee shall have abandoned the Premises, Lessor shall have the option of (i) retaking possession of the Premises and recovering from Lessee the amount specified in this Paragraph 13.2(a), or (ii) proceeding under Paragraph 13.2(b).

(b) Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Premises. In such event Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the State of California.

13.3 **Default by Lessor.** Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Lessee in writing, specifying wherein Lessor has failed to perform such obligations; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance then Lessor shall not be in default if Lessor commences performance within such 30-day period and thereafter diligently prosecutes the same to completion.

13.4 **Late Charges.** Lessee hereby acknowledges that late payment by Lessee to Lessor of rent and other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Lessor by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after such amount shall be due, Lessee shall pay to Lessor a late charge equal to 10% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder.

14. **Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area of the improvements on the premises, or more than 25% of the land area of the Premises which is not occupied by any improvements, is taken by condemnation, Lessee may, at Lessee's option, to be exercised in writing only within ten (10) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in the proportion that the floor area taken bears to the total floor area of the building situated on the Premises. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Lessee shall be entitled to any award for loss of or damage to Lessee's trade fixtures and removable personal property. In the event that this Lease is not terminated by reason of such condemnation, Lessor shall, to the extent of severance damages received by Lessor in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Lessee has been reimbursed therefor by the condemning authority. Lessee shall pay any amount in excess of such severance damages required to complete such repair.

15. **Broker's Fee.** Upon execution of this Lease by both parties, Lessor shall pay to None a

licensed real estate broker, a fee of \$ None for brokerage services heretofore rendered. Lessor further agrees that if Lessee exercises any option granted herein or any option substantially similar thereto, either to extend the term of this Lease, to renew this Lease, to purchase said Premises or any part thereof and/or any adjacent property which Lessor may own or in which Lessor has an interest, or any other option granted herein, or if said broker is the procuring cause of any other lease or sale entered into between the parties pertaining to the Premises and/or any adjacent property in which Lessor has an interest, then as to any of said transactions, Lessor shall pay said broker a fee in accordance with the schedule of said broker in effect at the time of execution of this Lease. Lessor agrees to pay said fee not only on behalf of Lessor but also on behalf of any person, corporation, association, or other entity having an ownership interest in said real property or any part thereof, when such fee is due hereunder. Any transferee of Lessor's interest in this Lease, by accepting an assignment of such interest, shall be deemed to have assumed Lessor's obligation under this Paragraph 15. Said broker shall be a third party beneficiary of the provisions of this Paragraph.

16. **General Provisions.**

16.1 **Estoppel Certificate.**

(a) Lessee shall at any time upon not less than ten (10) days' prior written notice from Lessor execute, acknowledge and deliver to Lessor a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to Lessee's knowledge, any uncured defaults on the part of Lessor hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises.

(b) Lessee's failure to deliver such statement within such time shall be conclusive upon Lessee (i) that this Lease is in full force and effect, without modification except as may be represented by Lessor, (ii) that there are no uncured defaults in Lessor's performance, and (iii) that not more than one month's rent has been paid in advance.

(c) If Lessor desires to finance or refinance the Premises, or any part thereof, Lessee hereby agrees to deliver to any lender designated by Lessor such financial statements of Lessee as may be reasonably required by such lender. Such statements shall include the past three years' financial statements of Lessee. All such financial statements shall be received by Lessor in confidence and shall be used only for the purposes herein set forth.

16.2 **Lessor's Liability.** The term "Lessor" as used herein shall mean only the owner or owners at the time in question of the fee title or a lessee's interest in a ground lease of the Premises, and except as expressly provided in Paragraph 15, in the event of any transfer of such title or interest, Lessor herein named (and in case of any subsequent transfers the then grantor) shall be relieved from and alter the date of such transfer of all liability as respects Lessor's obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessee has an interest, shall be delivered to the grantee. The obligations continued in this Lease to be performed by Lessor shall, subject as aforesaid, be binding on Lessor's successors and assigns, only during their respective periods of ownership.

16.3 **Severability.** The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

- 16.4 Interest on Past-due Obligations. Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at 10% per annum from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease.
- 16.5 Time of Essence. Time is of the essence.
- 16.6 Captions. Article and paragraph captions are not a part hereof.
- 16.7 Incorporation of Prior Agreements; Amendments. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification.
- 16.8 Notices. Any notice required or permitted to be given hereunder shall be in writing and may be served personally or by registered mail, addressed to Lessor and Lessee respectively at the addresses set forth after their signatures at the end of this Lease.
- 16.9 Waivers. No waiver by Lessor of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Lessee of the same or any other provision. Lessor's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to or approval of any subsequent act by Lessee. The acceptance of rent hereunder by Lessor shall not be a waiver of any preceding breach by Lessee of any provision hereof, other than the failure of Lessee to pay the particular rent so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.
- 16.10 Recording. Lessee shall not record this Lease without Lessor's prior written consent, and such recordation shall, at the option of Lessor, constitute a non-curable default of Lessee hereunder. Either party shall, upon request of the other, execute, acknowledge and deliver to the other a "short form" memorandum of this Lease for recording purposes.
- 16.11 Holding Over. If Lessee remains in possession of the Premises or any part thereof after the expiration of the term hereof without the express written consent of Lessor, such occupancy shall be a tenancy from month to month at a rental in the amount of the last monthly rental plus all other charges payable hereunder, and upon all the terms hereof applicable to a month-to-month tenancy.
- 16.12 Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.
- 16.13 Covenants and Conditions. Each provision of this Lease performable by Lessee shall be deemed both a covenant and a condition.
- 16.14 Binding Effect; Choice of Law. Subject to any provisions hereof restricting assignment or subletting by Lessee and subject to the provisions of Paragraph 16.2, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State of California.
- 16.15 Subordination.
- (a) This Lease, at Lessor's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation for security now or hereafter placed upon the real property of which the Premises are a part and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Lessee's right to quiet possession of the Premises shall not be disturbed if Lessee is not in default and so long as Lessee shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgage, trustee or ground lessor shall elect to have this Lease prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Lessee, this Lease shall be deemed prior to such mortgage, deed of trust, or ground lease, whether this Lease is dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof.
- (b) Lessee agrees to execute any documents required to effectuate such subordination or to make this Lease prior to the lien of any mortgage, deed of trust or ground lease, as the case may be, and failing to do so within ten (10) days after written demand, does hereby make, constitute and irrevocably appoint Lessor as Lessee's attorney in fact and in Lessee's name, place and stead, to do so.
- 16.16 Attorney's Fees. If either party or the broker named herein brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, on trial or appeal, shall be entitled to his reasonable attorney's fees to be paid by the losing party as fixed by the court. The provisions of this paragraph shall inure to the benefit of the broker named herein who seeks to enforce a right hereunder.
- 16.17 Lessor's Access. Lessor and Lessor's agents shall have the right to enter the Premises at reasonable times for the purpose of inspecting the same, showing the same to prospective purchasers, or lenders, and making such alterations, repairs, improvements or additions to the Premises or to the building of which they are a part as Lessor may deem necessary or desirable. Lessor may at any time place on or about the Premises any ordinary "For Sale" signs and Lessor may at any time during the last 120 days of the term hereof place on or about the Premises any ordinary "For Lease" signs, all without rebate of rent or liability to Lessee.
- 16.18 Signs and Auctions. Lessee shall not place any sign upon the Premises or conduct any auction thereon without Lessor's prior written consent.
- 16.19 Merger. The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Lessor, terminate all or any existing subtenancies or may, at the option of Lessor, operate as an assignment to Lessor of any or all of such subtenancies.
- 16.20 Corporate Authority. If Lessee is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the Bylaws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms. If Lessee is a corporation Lessee shall, within thirty (30) days after execution of this Lease, deliver to Lessor a certified copy of a resolution of the Board of Directors of said corporation authorizing or ratifying the execution of this Lease.

8.3 (Continued) Lessor & Lessee shall agree in writing each year as to the insurable value of the premises leased herein.

17.0 Occupancy by Lessee: Should premises be ready for occupancy prior or subsequent to March 1, 1976, Lessee shall take possession of premises within one week after being advised by Lessor of Lessor's receipt of said Notice of Completion and the rent shall commence upon the first day of said possession. Should possession take place prior to the first day of a month or after the first day of a month then rent shall be prorated on a daily basis to the first day of the next month thereafter and Lessee shall pay Lessor upon said possession said prorata rent together with the next month's rent.

The parties hereto have executed this Lease at the place and on the dates specified immediately adjacent to their respective signatures.

If this Lease has been filled in it has been prepared for submission to your attorney for his approval. No representation or recommendation is made by the real estate broker or its agents or employees as to the legal sufficiency, legal effect, or tax consequences of this Lease or the transaction relating thereto.

Executed at Los Angeles, California

on November 6, 1975

Address _____

By Gordon N. Wagner
By Joseph W. Basinger
"LESSOR"

Executed at El Monte, California

on November 6, 1975

Address 11310 Sherman Way

Sun Valley, California 91352

Stellar Hydraulics Company
By William Falstrom - Vice President
By H. W. Snyder - Secretary-Treasurer
"LESSEE"

Attachment to Standard Industrial Lease by and between Gordon Wagner &
Joseph W. Basinger, Lessor and Stellar Hydraulics, Lessee, dated 11/6/75

That portion of the east 100 feet of the west half of lot 62 of Lankershim Ranch Land and Water Company's subdivision of the east 12,000 acres of the south half of the Ranch X Mission of San Fernando, in the city of Los Angeles, county of Los Angeles, State of California as per map recorded in Book 31, Pages 39 seq. of miscellaneous records in the office of the City Recorder of said county line northerly of a line, extending south 89 degrees 4 feet 25 inches east from a point in the centerline of Tujunga Avenue, 50 feet wide distant north zero degrees 00 feet 30 inches west 406.44 feet from the intersection of said centerline of the westerly prolongation of the southerly line of said lot 62. Except therefrom the southerly 30 feet thereof.

ASSIGNMENT OF LEASE

STELLAR HYDRAULICS COMPANY, now a division of CANOGA INDUSTRIES, a Nevada corporation ("Lessee"), does hereby assign, transfer and set over unto CANOGA LANDING GEAR, INC., a California corporation which is a wholly owned subsidiary of Lessee, all right, title and interest of Lessee in and to the lease described in Schedule A attached hereto and incorporated herein by reference (the "Lease") (including, without limitation, all rights and options, if any, that may be exercised by the Lessee thereunder), all leasehold improvements on the premises described therein, and all deposits, credits and prepaid rent made by the Lessee thereunder.

CANOGA LANDING GEAR, INC. hereby agrees to perform all obligations under the Lease on the part of the Lessee to be performed on or after the date thereof.

Dated: July , 1978

CANOGA INDUSTRIES

By Howard W. Hill
Howard W. Hill, President
Chairman

ACCEPTED AND AGREED

CANOGA LANDING GEAR, INC.

By Richard N. Holt
Treasurer

CONSENT

The undersigned Lessor of the Lease hereby consent to the foregoing Assignment.

Dorson N. Wagner
Lessor

Joseph W. Basinger

SCHEDULE A

Lease dated November 6, 1975 by and between
GORDON N. WAGNER & JOSEPH W. BASSINGER and STELLAR
HYDRAULICS COMPANY covering the premises commonly known
as 11310 Sherman Way, Sun Valley, California 91352.

R-5



**FLIGHT
ACCESSORY
SERVICES**

A member of the
Inchcape Group of
Companies.

7 August 1985
MAWJB/7854

Mr. Gordon Wagner
104 Via Orvieto
Newport Beach CA 92660

Dear Mr. Wagner:

This letter is to confirm our conversation regarding Flight Accessory Services' leasing of your three (3) buildings located at 11310 Sherman Way, Sun Valley, California. We have agreed to lease these buildings for \$.40 per square foot per month for an additional 12 months beyond the current lease, thereby extending our lease to February 1987, with a six-month cancellation notification period by either party. This lease extension also carries options for two (2) additional nine (9) month extensions.

In accordance with the above, at the start of this extension period, we will deposit with you the additional amount of \$25,368.00 which represents the difference between \$18,060. and \$5,376. per month for two (2) months.

I hope you will find this to be satisfactory.

Best regards,

A large, stylized handwritten signature in black ink, appearing to read "Michael A. Wray".

Michael A. Wray
Vice President Finance

/jb

AT LEAST 2 RAISED IN SYRS

R-5

August 15, 1985

Mr. Michael Wray
Vice President Finance
Flight Accessory Services
11310 Sherman Way
Sun Valley, California 91352

Dear Mike:

Your letter concerning the extension of the lease of the three buildings at 11310 Sherman Way, Sun Valley, California, was appreciated. However, may I call your attention to several details which I believe should be added.

1. We have agreed on a twelve month extension, all terms and conditions are to be the same. The lease begins on February 28, 1986 and ends February 28, 1987. Rental will be 40¢ per square foot per month, or \$18,000.00 per month.

2. Should you desire to extend the lease an additional nine months, you are to notify us six months in advance of the February 28, 1987 termination date for rental at \$17,000.00 per month.

3. Six months prior to the end of this extension you may notify us that you wish another extension for nine months at \$16,000.00 per month.

4. The total period covered by this agreement is thirty months. Twelve months at \$18,000.00 per month, nine months at \$17,000.00 per month and nine months at \$16,000.00 per month.

It was agreed at the time that you would pay as a deposit \$25,368.00 for a security bond, as is customary in real estate leases. We waived the first month's rent, also customary, because you are in possession. We will compromise the difference and you are to pay the amount of \$25,368.00 on or before December 1, 1985, which is half of the time of our original agreement from August 1, 1985 to the lease end of February 28, 1986.

Rather than write another letter, which might take you until December 1, 1985, please sign and return a copy of this letter.

Sincerely,

Gordon N. Wagner

Above agreement accepted:

Michael Wray
For Flight Accessory Services

37 3/4 FT

35 1/2

DEC 21
SAT
ZELPHIA
7:30

R-5

October 8, 1986

Mr. Jeff Belzer
Chief Financial Officer
Flight Accessory Services
11310 Sherman Way
Sun Valley, California 91352

Subject: Lease Extension

Dear Mr. Belzer:

The following proposal in answer to your request of September 8th represents our verbal agreement and briefly outlines how we arrived at it.

To begin, we averaged out the present lease extension as follows:

Jan. & Feb. 1987 at \$18,000 per mo.	=	\$ 36,000
The next nine months at \$17,000 per mo.	=	153,000
The next nine months at \$16,000 per mo.	=	144,000
The final 4 months of 1988 at \$18,000 mo.	=	<u>72,000</u>
Total rent for 24 mos.		\$405,000
Divided by 24 mos.	=	\$ 16,900 per mo.

Rental beginning Jan. 1, 1987	@	\$ 16,900 per mo.
" " Jan. 1, 1988	@	16,900 per mo.
" " Jan. 1, 1989	@	18,700 per mo.
" " Jan. 1, 1990	@	19,635 per mo.
" " Jan. 1, 1991	@	20,600 per mo.

On June 1, 1991 a new extension for the following five years is to be negotiated agreeable to both parties for the next five years. Jan. 1, 1992 through Jan. 1, 1997.

The extension to the present lease is for five years with an option for five more years. All present terms and conditions of the original lease are to remain the same.

Your acceptance of this will be a binding agreement covering the rental for ten years starting Jan. 1, 1987.

Sincerely,

Gordon N. Wagner

Accepted for Flight Accessory Services

Date: _____ Signature: _____

said possession said pro rata rent together with the next month's rent.

The parties hereto have executed this Lease at the place and on the dates specified immediately adjacent to their respective signatures.

Executed at LOS ANGELES
CALIFORNIA

on March 30, 1987.

Name and Address for
service of notices and
payment of rent:

LESSOR:

By:

Gordon N. Wagner
GORDON N. WAGNER

By:

Joseph W. Basinger
JOSEPH W. BASINGER

Executed at Burbank, Cali-
fornia on March 30, 1987.
Address: 2721 Empire Avenue
Burbank, CA 91504-3212

HAWKER PACIFIC, INC., LESSEE

By:

Daryl B. Block

By:

Douglas M. Nix



R-5

FLIGHT ACCESSORY SERVICES

A DIVISION OF HAWKER PACIFIC, INC.

11310 Sherman Way • Sun Valley, CA 91352 U.S.A. • (213) 875-2930 • (818) 765-6201
Telex 69-8154 FAS SNVY • FAX 818-765-8073

Basinger, Joseph
2246 Ridgmont Dr.
Hollywood, Ca 90046

APR 28 1987

Dear Sirs:

I am pleased to advise you that Hawker Pacific, Inc., the U.S. subsidiary of the Australian aviation marketing and servicing company, Hawker Pacific Pty. Ltd., acquired the assets, business and trading name of Los Angeles based Flight Accessory Services, Inc., on March 31, 1987.

Flight Accessory Services, Inc., was previously owned by the British Inchcape Group. In the future, the activity will be known as Flight Accessory Services (FAS), a Division of Hawker Pacific, Inc.

FAS, which has facilities in Los Angeles, Miami and Amsterdam, repairs and overhauls landing gear, hydraulic systems and sub-assemblies for both fixed wing and rotary wing aircraft.

All Flight Accessory Services, Inc. staff are continuing with Hawker Pacific, Inc. and business is being conducted in a normal ongoing manner.

I have recently arrived from Australia to assume the position of Vice President and General Manager. Mr. Harold W. Grant, who took over the day-to-day operation of FAS on a temporary basis last October, will be retained as a consultant. Mr. Jeff B. Belzer will continue as Vice President of Finance/Administration and Mr. Mike S. Kenzel will assume the position of Vice President of Marketing/Sales.

The team at FAS very much looks forward to continuation of our valuable business relationship.

Yours sincerely,

David C. Bell
Vice President and
General Manager

APRIL 1, 1987

R-6
FILE

LEASE BETWEEN

GORDON N. WAGNER, PEGGY M. WAGNER,

JOSEPH W. BASINGER, AND VIOLA MARIE BASINGER

AS LESSORS AND

HAWKER PACIFIC, INC. AS LESSEE

OF PROPERTY COMMONLY KNOWN AS

11310 SHERMAN WAY, SUN VALLEY, CALIFORNIA

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LEASE

1. PARTIES. This Lease, dated, for reference purposes only, March 26, 1987, is made by and between GORDON N. WAGNER and PEGGY M. WAGNER, Husband and Wife, as joint tenants and JOSEPH W. BASINGER and VIOLA MARIE BASINGER, Husband and Wife, as joint tenants (collectively known as "Lessor") and HAWKER PACIFIC, INC., a California corporation ("Lessee").

2. PREMISES. Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental, and upon all of the conditions set forth herein, that certain real property situated in the County of Los Angeles, State of California, commonly known as 11310 Sherman Way, Sun Valley, California 91352 and described as:

That portion of the east 100 feet of the west half of lot 62 of Lankershim Ranch Land and Water Company's subdivision of the east 12,000 acres of the south half of the Ranch X Mission of San Fernando, in the city of Los Angeles, county of Los Angeles, State of California as per map recorded in Book 31, Pages 39 seq. of miscellaneous records in the office of the City Recorder of said county line northerly of a line, extending south 89 degrees 4 feet 25 inches east from a point in the centerline of Tujunga Avenue, 50 feet wide distant north zero degrees 00 feet 30 inches west 406.44 feet from the intersection of said centerline of the westerly prolongation of the southerly line of said lot 62. Except therefrom the southerly 30 feet thereof.

3. TERM.

3.1. Term. The term of this Lease shall be for Ten (10) years commencing on April 1, 1987 and ending on March 31, 1997 unless sooner terminated pursuant to any provision hereof.

3.2. Delay in Commencement. Notwithstanding said commencement date, if for any reason Lessor cannot deliver possession of the Premises to Lessee on said date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Lessee thereunder or extend the term hereof, but in such case Lessee shall not be obligated to pay rent until possession of the Premises is tendered to Lessee; provided, however, that if Lessor shall not have delivered possession of the Premises within sixty (60) days from said commencement date, Lessee may, at Lessee's option, by notice in writing to Lessor within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder. If Lessee occupies the Premises prior to said commencement date, such occupancy shall be subject to all provisions hereof, such occupancy shall not advance the termination date, and Lessee shall pay rent for such period at the initial monthly rates set forth below.

4. RENT.

4.1. Rent for First Five Years. Lessee shall pay to Lessor as rent for the Premises in accordance with the following schedule:

<u>Period</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>
1. April 1, 1987 to March 31, 1988	\$204,000	\$17,000 - 5,666.67
✓ 2. April 1, 1988 to March 31, 1989	\$209,100	\$17,425 - 5,808.33 (+141.66)
3. April 1, 1989 to March 31, 1990	\$229,305	\$19,108.75 - 6,369.58 (+561)
4. April 1, 1990 to March 31, 1991	\$238,515	\$19,876.25 - 6,254.22 (+255.8)
5. April 1, 1991 to March 31, 1992	\$247,200	\$20,600 - 6,866.67 (+241.25)
		(+1200)
		267,383.88

4.2. Rent for Second Five Years. The annual rent shall be adjusted as of the first day of April of each year (the "Adjustment Date") beginning in the year 1992, according to the following computation:

The base for computing the adjustment is the index figure for the month of January, 1987 (the "Base Index"), as shown in the Consumer Price Index ("CPI") for all urban consumers for the Los Angeles area based on the year 1967 as published by the United States Department of Labor's Bureau of Labor Statistics. The Base Index, which is subject to verification, is 335.1.

If the CPI for all urban consumers for the Los Angeles area published for the month of January preceding the month of the Adjustment Date, ("Adjustment Index") has changed over the Base Index, the annual rent for the following one-year period (until the next rent adjustment) shall be set by multiplying the initial annual rent of Two Hundred Four Thousand Dollars (\$204,000) by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Base Index. If the amount of annual rental increase cannot be ascertained at the time it is effective, it shall be paid within thirty (30) days after the time such increase is determined and notice thereof mailed to Lessee at the Premises.

As an example, if the CPI for all urban consumers for the Los Angeles area for January 1992 is 475, then the Annual Rent for April 1, 1992 to March 31, 1993 would be \$289,167.41, calculated as follows:

$$\$204,000 \times 475/335.1 = \$289,167.41$$

Similarly, if the CPI for January 1993 is 500, the Annual Rent for April 1, 1993 to March 31, 1994 would be \$304,386.75, calculated as follows:

$$\$204,000 \times 500/335.1 = \$304,386.75.$$

In no event shall the annual rent for April 1, 1992 to March 31, 1993 be less than Two Hundred Fifty-Nine Thousand Five Hundred Sixty Dollars (\$259,560). $21,630.40 \div 3 = 7210$
OR + 344.10

In no event shall the annual rent for April 1, 1993 to March 31, 1994 be increased by less than three percent (3%) of the annual rent for April 1, 1992 to March 31, 1993.

In no event shall the annual rent for April 1, 1994 to March 31, 1995 be increased by less than three percent (3%) of the annual rent for April 1, 1993 to March 31, 1994.

In no event shall the annual rent for April 1, 1995 to March 31, 1996 be increased by less than three percent (3%) of the annual rent for April 1, 1994 to March 31, 1995.

In no event shall the annual rent for April 1, 1996 to March 31, 1997 be increased by less than three percent (3%) of the annual rent for April 1, 1995 to March 31, 1996.

The index for the Adjustment Date shall be the one reported in the United States Department of Labor's newest comprehensive official index when in use and most nearly answering and the foregoing description of the index to be

used. If it is calculated from a base different from the base year 1967 used for the Base Index above, the base figure used for calculating the adjustment percentage shall first be converted under a formula supplied by the Bureau.

If the described index shall no longer be published, another generally recognized as authoritative shall be substituted by agreement of the Lessor and Lessee. If they are unable to agree within thirty (30) days after demand by either the Lessor or Lessee, the substitute index shall, on application of either party, be selected by the chief officer of the San Francisco Regional Office of the Bureau of Labor Statistics or its successor.

Rent for any period during the term hereof which is for less than one month shall be a pro rata portion of the monthly installment. Rent shall be payable in lawful money of the United States to Lessor at the address stated herein or to such other persons or at such other places as Lessor may designate in writing.

4.3. Monthly Rent Payments. Annual rent is payable in equal monthly installments, in advance, on the first day of each month of the period hereof. Lessee shall pay Lessor on April 1, 1987 or on the date this Lease is executed, whichever is later, \$17,000 as rent for the first month.

5. CONDITION TO ENFORCEABILITY. Flight Accessory Services, Inc. ("FAS") and HAWKER PACIFIC INC. ("HAWKER PACIFIC") have entered into a purchase and sales agreement (the "Agreement") dated February 25, 1987. The Agreement is

for the purchase by HAWKER PACIFIC of all trade, fixtures, equipment, inventory and supplies of FAS located at, among other places, the Premises which is the subject of this Lease. The enforceability of this Lease is conditioned on the consummation of the Agreement between HAWKER PACIFIC and FAS on March 30, 1987 or within sixty (60) days thereafter.

6. SECURITY DEPOSIT. Lessor currently holds Twenty-Five Thousand Three Hundred Sixty-Eight Dollars (\$25,368) as security deposit from FAS pursuant to a lease encompassing the Premises dated November 6, 1975 between GORDON N. WAGNER and JOSEPH W. BASINGER, Lessors, and Stellar Hydraulics Company, Lessee (the "Stellar Lease"). FAS is the assignee of the Stellar Lease.

HAWKER PACIFIC warrants that FAS has agreed to permit GORDON N. WAGNER and JOSEPH W. BASINGER to retain the \$25,368 as security deposit for HAWKER PACIFIC under this Lease.

Retention by Lessor of the \$25,368 from FAS under the Stellar Lease for the benefit of HAWKER PACIFIC under the present Lease does not obligate HAWKER PACIFIC to GORDON N. WAGNER or JOSEPH W. BASINGER, the lessors under the Stellar Lease, to any of FAS' liabilities, if any, under the Stellar Lease. When this Lease is terminated the security deposit will be returned to HAWKER PACIFIC in accordance with the provisions of this Lease.

HAWKER PACIFIC, as Lessee, however, acknowledges that FAS has made some changes to the structural facilities of the Premises which altered the Premises from its original

state as it existed when FAS first entered the Premises as assignee to the Stellar Lease. HAWKER PACIFIC agrees that, if demand is made by Lessor at the termination of this Lease, it shall restore the Premises to the original state that existed when FAS first entered the Premises.

If Lessee fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Lessor may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default or for the payment of any other sum to which Lessor may become obligated by reason of Lessee's default, or to compensate Lessor for any loss or damage which Lessor may suffer thereby. If Lessor so uses or applies all or any portion of said deposit, Lessee shall within ten (10) days after written demand therefor deposit cash with Lessor in an amount sufficient to restore said deposit to the full amount hereinabove stated and Lessee's failure to do so shall be a material breach of this Lease. Lessor shall not be required to keep said deposit separate from its general accounts. If Lessee performs all of Lessee's obligations hereunder, said deposit, or so much thereof as has not theretofore been applied by Lessor, shall be returned, without payment of interest or other increment for its use, to Lessee (or, at Lessor's option, to the last assignee, if any, of Lessee's interest hereunder) at the expiration of the term hereof, and after Lessee has vacated the Premises.

7. USE.

7.1. Use. The Premises shall be used and occupied only for the manufacturing, storage and distribution of Lessee's products and related activities.

7.2. Compliance with Law. Lessee shall, at Lessee's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term or any part of the term hereof regulating the use by Lessee of the Premises. Lessee shall not use or permit the use of the Premises in any manner that will tend to create waste or a nuisance or, if there shall be more than one tenant of the building containing the Premises, which shall tend to disturb such other tenants.

7.3. Condition of Premises. Lessee hereby accepts the Premises in their condition existing as of the date of the commencement hereof, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and accepts this Lease subject thereto and to all matters disclosed hereby and by any exhibits attached hereto. Lessee acknowledges that neither Lessor nor Lessor's agent has made any representation or warranty as to the suitability of the Premises for the conduct of Lessee's business.

8. MAINTENANCE, REPAIRS AND ALTERATIONS.

8.1. Lessee's Obligations. Lessee shall during the term of this Lease keep in good order, condition and repair, the Premises and every part thereof, structural or

non-structural, and all adjacent sidewalks, landscaping, driveways, parking lots, fences and signs located in the areas which are adjacent to and included with the Premises. Lessor shall incur no expense nor have any obligation of any kind whatsoever in connection with maintenance of the Premises, and Lessee expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Premises in good order, condition and repair.

8.2. Surrender. On the last day of the term hereof, or on any sooner termination, Lessee shall surrender the Premises to Lessor in the same condition as when received, broom clean, ordinary wear and tear excepted. Lessee shall repair any damage to the Premises occasioned by the removal of Lessee's trade fixtures, furnishings and equipment pursuant to Paragraph 8.4(c), which repair shall include the patching and filling of holes and repair of structural damage.

8.3. Lessor's Rights. If Lessee fails to perform Lessee's obligations under this Paragraph 8, Lessor may at its option (but shall not be required to) enter upon the Premises, after ten (10) days' prior written notice to Lessee, and put the same in good order, condition and repair, and the cost thereof together with interest thereon at the rate of ten percent (10%) per annum shall become due and payable as additional rental to Lessor together with Lessee's next rental installment.

8.4. Alterations and Additions.

(a) Lessee shall not, without Lessor's prior written consent, make any alterations, improvements, additions, utility installations in, on or about the Premises, except for non-structural alterations not exceeding One Thousand Dollars (\$1,000) in cost. As used in this Paragraph 8.4, the term "utility installations" shall include bus ducting, power panels, fluorescent fixtures, space heaters, conduits and wiring. As a condition to giving such consent, Lessor may require that Lessee agree to remove any such alterations, improvements, additions or utility installations at the expiration of the term, and to restore the Premises to their prior condition. As a further condition to giving such consent, Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, a lien and completion bond in an amount equal to one and one-half (1-1/2) times the estimated cost of such improvements, to insure Lessor against any liability for mechanics' and materialmen's liens and to insure completion of the work.

(b) Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in the Premises, and Lessor shall have the right to post notices of non-responsibility in or on the Premises as provided by law.

(c) Unless Lessor requires their removal as set forth in Paragraph 8.4(a), all alterations, improvements, additions, and utility installations (whether or not such utility installations constitute fixtures of Lessee), which may be made on the Premises, shall become the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this Paragraph 8.4(c), Lessee's machinery and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, shall remain the property of Lessee and may be removed by Lessee subject to the provisions of Paragraph 8.2.

9. INSURANCE; INDEMNITY.

9.1. Insuring Party. As used in this Paragraph 9, the term "insuring party" shall mean the party who has the obligation to obtain the insurance required hereunder. The insuring party in this case shall be designated following the signatures of the parties below. Whether the insuring party is the Lessor or the Lessee, Lessee shall, as additional rent for the Premises, pay the cost of all insurance required hereunder. If Lessor is the insuring party Lessee shall, within ten (10) days following demand by Lessor, reimburse Lessor for the cost of the insurance so obtained.

9.2. Liability Insurance. The insuring party shall obtain and keep in force during the term of this Lease a policy of comprehensive public liability insurance insuring Lessor and Lessee against any liability arising out

of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be in an amount of not less than Three Hundred Thousand Dollars (\$300,000) for injury to or death of one person in any one accident or occurrence and in an amount of not less than Five Hundred Thousand Dollars (\$500,000) for injury to or death of more than one person in any one accident or occurrence. Such insurance shall further insure Lessor and Lessee against liability for property damage of at least Fifty Thousand Dollars (\$50,000). The limits of said insurance shall not, however, limit the liability of Lessee hereunder. In the event that the Premises constitute a part of a larger property said insurance shall have a Lessor's Protective Liability endorsement attached thereto. If the insuring party shall fail to procure and maintain said insurance the other party may, but shall not be required to, procure and maintain the same, but at the expense of Lessee.

9.3. Property Insurance. The insuring party shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Premises, in the amount of the full replacement value thereof, against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk) and sprinkler leakage. Said insurance shall provide for payment of loss thereunder to Lessor or to the holder of a first mortgage or deed of trust on the Premises. The insuring party shall, in

addition, obtain and keep in force during the term of this Lease a policy of rental income insurance covering a period of six (6) months, with loss payable to Lessor. If the insuring party shall fail to procure and maintain said insurance the other party may, but shall not be required to, procure and maintain the same, but at the expense of Lessee. Lessor and Lessee shall agree in writing each year as to the insurable value of the Premises leased herein.

9.4. Insurance Policies. Insurance required hereunder shall be in companies rated AAA or better in "Best's Insurance Guide." The insuring party shall deliver to the other party copies of policies of such insurance or certificates evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to Lessor. No such policy shall be cancellable or subject to reduction of coverage or other modification except after ten (10) days' prior written notice to Lessor. If Lessee is the insuring party Lessee shall, within ten (10) days prior to the expiration of such policies, furnish Lessor with renewals or "binders" thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee upon demand. Lessee shall not do or permit to be done anything which shall invalidate the insurance policies referred to in Paragraph 9.3. If Lessee does or permits to be done anything which shall increase the cost of the insurance policies referred to in Paragraph 9.3, then Lessee shall forthwith upon Lessor's demand reimburse Lessor for any additional premiums attrib-

utable to any act or omission or operation of Lessee causing such increase in the cost of insurance. If Lessor is the insuring party, and if the insurance policies maintained hereunder cover other improvements in addition to the Premises, Lessor shall deliver to Lessee a written statement setting forth the amount of any such insurance cost increase and showing in reasonable detail the manner in which it has been computed.

9.5. Waiver of Subrogation. Lessee and Lessor each hereby waive any and all rights of recovery against the other, or against the officers, employees, agents and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control to the extent that such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. The insuring party shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

9.6. Indemnity. Lessee shall indemnify and hold harmless Lessor from and against any and all claims arising from Lessee's use of the Premises, or from the conduct of Lessee's business or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or elsewhere and shall further indemnify and hold harmless Lessor from and against any and all claims arising from any breach or default in the performance of any obligation on

Lessee's part to be performed, under the terms of this Lease, or arising from any negligence of the Lessee, or any of Lessee's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against Lessor by reason of any such claim, Lessee upon notice from Lessor shall defend the same at Lessee's expense. Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property or injury to persons, in, upon or about the Premises arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor.

9.7. Exemption of Lessor from Liability. Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for the damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises, nor shall Lessor be liable for injury to the person of Lessee, Lessee's employees, agents or contractors, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether the said damage or injury results from conditions arising upon the Premises or upon other portions of the building of which the Premises are a part, or from

other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Lessee. Lessor shall not be liable for any damages arising from any act or neglect of any other tenant, if any, of the building in which the Premises are located.

10. DAMAGE OR DESTRUCTION.

10.1. Partial Damage--Insured. Subject to the provisions of Paragraph 10.4, if the Premises are damaged and such damage was caused by a casualty covered under an insurance policy required to be maintained pursuant to Paragraph 9.3, Lessor shall at Lessor's expense repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. Notwithstanding the above, if the Lessee is the insuring party, and if the insurance proceeds received by Lessor are not sufficient to effect such repair, Lessor shall give notice to Lessee of the amount required in addition to the insurance proceeds to effect such repair. Lessee may, at Lessee's option, contribute the required amount, but upon failure to do so within thirty (30) days following such notice, Lessor's sole remedy shall be, at Lessor's option and with no liability to Lessee, to cancel and terminate this lease. If Lessee shall contribute such amount to Lessor within said thirty (30) day period, Lessor shall make such repairs as soon as reasonably possible and this Lease shall continue in full force and effect. Lessee shall in no event have any right to reimbursement for any such amount so contributed.

10.2. Partial Damage--Uninsured. Subject to the provisions of Paragraph 10.4, if at any time during the term hereof the Premises are damaged, except by a negligent or willful act of Lessee, and such damage was caused by a casualty not covered under an insurance policy required to be maintained pursuant to Paragraph 9.3. Lessor may at Lessor's option either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease as of the date of the occurrence of such damage. In the event Lessor elects to give such notice of Lessor's intention to cancel and terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's intention to repair such damage at Lessee's expense, without reimbursement from Lessor, in which event this Lease shall continue in full force and effect, and Lessee shall proceed to make such repairs as soon as reasonably possible. If Lessee does not give such notice within such ten (10) day period this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

10.3. Total Destruction. If at any time during the term hereof the Premises are totally destroyed from any cause whether or not covered by the insurance required to be maintained pursuant to Paragraph 9.3 (including any total

destruction required by any authorized public authority) this Lease shall automatically terminate as of the date of such total destruction.

10.4. Damage Near End of Term. If the Premises are partially destroyed or damaged during the last six (6) months of the term of this Lease, Lessor may at Lessor's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within thirty (30) days after the date of occurrence of such damage.

10.5. Abatement of Rent; Lessee's Remedies.

(a) If the Premises are partially destroyed or damaged and Lessor or Lessee repairs or restores them pursuant to the provisions of this Article, the rent payable under Paragraph 4 for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired; provided, however, that the aggregate amount of abatement hereunder shall not exceed the total of rent payable under Paragraph 4 for a period of six (6) months. Except for abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises under the provisions of this Paragraph 9 and shall not commence such repair or restoration within ninety (90) days after such obligation shall accrue, Lessee may at Lessee's option cancel and terminate

this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement of such repair or restoration. In such event this Lease shall terminate as of the date of such notice. Any abatement in rent shall be computed as provided in Paragraph 10.5(a).

10.6. Termination--Advance Payments. Upon termination of this Lease pursuant to this Paragraph 10, an equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's security deposit as has not theretofore been applied by Lessor.

11. REAL PROPERTY TAXES.

11.1. Payment of Taxes.

Lessee shall pay all real property taxes applicable to the Premises during the term of this Lease. All such payments shall be made at least ten (10) days prior to the delinquency date of such payment. Lessee shall promptly furnish Lessor with satisfactory evidence that such taxes have been paid. If any such taxes paid by Lessee shall cover any period of time prior to or after the expiration of the term hereof, Lessee's share of such taxes shall be equitably prorated to cover only the period of time within the tax fiscal year during which this Lease shall be in effect, and Lessor shall reimburse Lessee to the extent required. If Lessee shall fail to pay any such taxes, Lessor shall have the right to pay the same, in which case Lessee shall repay such amount to Lessor with Lessee's next rent installment

together with interest at the rate of ten percent (10%) per annum.

11.2. Definition of "Real Property" Tax. As used herein, the term "real property tax" shall include any form of assessment, license fee, commercial rental tax, levy, penalty, or tax (other than inheritance or estate taxes), imposed by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement district thereof, as against any legal or equitable interest of Lessor in the Premises or in the real property of which the Premises are a part, as against Lessor's right to rent or other income therefrom, or as against Lessor's business of leasing the Premises.

11.3. Joint Assessment. If the Premises are not separately assessed, Lessee's liability shall be an equitable proportion of the real property taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

11.4. Personal Property Taxes. Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere. When possible, Lessee shall cause said trade

fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor.

12. UTILITIES. Lessee shall pay for all water, gas, heat, light, power, telephone and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to Lessee, Lessee shall pay a reasonable proportion to be determined by Lessor of all charges jointly metered with other premises.

13. ASSIGNMENT AND SUBLETTING.

13.1. Lessor's Consent Required. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in this Lease or in the Premises, without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a breach of this Lease.

13.2. No Release of Lessee. Regardless of Lessor's consent, no subletting or assignment shall release Lessee of Lessee's obligation or alter the primary liability of Lessee to pay the rent and to perform all other obligations to be performed by Lessee hereunder. The acceptance of rent by Lessor from any other person shall not be deemed to be a waiver by Lessor of any provision hereof. Consent

to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting.

13.3. Attorney's Fees. In the event that Lessor shall consent to a sublease or assignment under Paragraph 12.1, Lessee shall pay Lessor's reasonable attorneys' fees not to exceed Five One Hundred Dollars (\$500) incurred in connection with giving such consent.

14. DEFAULTS; REMEDIES.

14.1. Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Lessee:

(a) The vacating or abandonment of the Premises by Lessee.

(b) The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of three days after written notice thereof from Lessor to Lessee.

(c) The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee, other than described in paragraph (b) above, where such failure shall continue for a period of thirty (30) days after written notice hereof from Lessor to Lessee; provided, however, that if the nature of Lessee's default is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commenced such cure

within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(d) (i) The making by Lessee of any general assignment, or general arrangement for the benefit of creditors; (ii) the filing by or against Lessee of a petition to have Lessee adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days.

14.2. Remedies. In the event of any such material default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default or breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not

limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorney's fees, and any real estate commission actually paid; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided; that portion of the leasing commission paid by Lessor pursuant to Paragraph 16 applicable to the unexpired term of this Lease. Unpaid installments of rent or other sums shall bear interest from the date due at the rate of ten percent (10%) per annum. In the event Lessee shall have abandoned the Premises, Lessor shall have the option of (i) retaking possession of the Premises and recovering from Lessee the amount specified in this Paragraph 14.2(a), or (ii) proceeding under Paragraph 14.2(b).

(b) Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Premises. In such event Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the State of California.

14.3. Default by Lessor. Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Lessee in writing, specifying wherein Lessor has failed to perform such obligations; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance then Lessor shall not be in default if Lessor commences performance within such thirty (30) days period and thereafter diligently prosecutes the same to completion.

14.4. Late Charges. Lessee hereby acknowledges that late payment by Lessee to Lessor of rent and other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Lessor by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after such amount shall be due, Lessee shall pay to Lessor a late charge equal to ten percent (10%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the

costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder.

15. CONDEMNATION. If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than ten percent (10%) of the floor area of the improvements on the Premises, or more than twenty-five percent (25%) of the land area of the Premises which is not occupied by any improvements, is taken by condemnation, Lessee may, at Lessee's option, to be exercised in writing only within ten (10) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in the proportion that the floor area taken bears to the total floor area of the building situated on the Premises. Any award for the taking of all or any part of the Premises under the power of

eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of this leasehold or for the taking of the fee, or as severance damages; provided, however, that Lessee shall be entitled to any award for loss of or damage to Lessee's trade fixtures and removable personal property. In the event that this Lease is not terminated by reason of such condemnation, Lessor shall, to the extent of severance damages received by lessor in connection with such condemnation, repair any damages to the Premises caused by such condemnation except to the extent that Lessee has been reimbursed therefor by the condemning authority. Lessee shall pay any amount in excess of such severance damages required to complete such repair.

16. BROKER'S FEE. None.

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17. GENERAL PROVISIONS.

17.1. Estoppel Certificate.

(a) Lessee shall at any time upon not less than ten (10) days' prior written notice from Lessor execute, acknowledge and deliver to Lessor a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to Lessee's knowledge, any uncured defaults on the part of Lessor hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises.

(b) Lessee's failure to deliver such statement within such time shall be conclusive upon Lessee (i) that

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this Lease is in full force and effect, without modification except as may be represented by Lessor, (ii) that there are no uncured defaults in Lessor's performance, and (iii) that not more than one (1) month's rent has been paid in advance.

(c) If Lessor desire to finance or refinance the Premises, or any part thereof, Lessee hereby agrees to deliver to any lender designated by Lessor such financial statements of Lessee as may be reasonably required by such lender. Such statements shall include the past three (3) years' financial statements of Lessee. All such financial statements shall be received by Lessor in confidence and shall be used only for the purposes herein set forth.

17.2. Lessor's Liability. The term "Lessor" as used herein shall mean only the owner or owners at the time in question of the fee title or a lessee's interest in a ground lease of the Premises, and except as expressly provided in Paragraph 16, in the event of any transfer of such title or interest, Lessor herein named (and in case of any subsequent transfers the then grantor) shall be relieved from and after the date of such transfer of all liability as respects Lessor's obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessee has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be binding on Lessor's successors and assigns, only during their respective periods of ownership.

17.3. Severability. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

17.4. Interest on Past-Due Obligations. Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at ten percent (10%) per annum from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease.

17.5. Time of Essence. Time is of the essence.

17.6. Captions. Article and paragraph captions are not a part hereof.

17.7. Incorporation of Prior Agreements; Amendments. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification.

17.8. Notices. Any notice required or permitted to be given hereunder shall be in writing and may be served personally or by regular mail, addressed to Lessor and Lessee respectively at the addresses set forth after their signatures at the end of this Lease.

17.9. Waivers. No waiver by Lessor of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Lessee of the same or any other provision. Lessor's consent to or

approval of any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to or approval of any subsequent act by Lessee. The acceptance of rent hereunder by Lessor shall not be a waiver of any preceding breach by Lessee of any provision hereof, other than the failure of Lessee to pay the particular rent so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

17.10. Recording. Lessee may record this Lease or a "short form" memorandum of this Lease without Lessor's prior written consent. Either party shall, upon request of the other, execute, acknowledge and deliver to the other a "short form" memorandum of this Lease for recording purposes.

17.11. Holding Over. If Lessee remains in possession of the Premises or any part thereof after the expiration of the term hereof without the express written consent of Lessor, such occupancy shall be a tenancy from month to month at a rental in the amount of the last monthly rental plus all other charges payable hereunder, and upon all the terms hereof applicable to a month-to-month tenancy.

17.12. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

17.13. Covenants and Conditions. Each provision of this Lease performable by Lessee shall be deemed both a covenant and a condition.

17.18. Signs and Auctions. Lessee shall not place any sign upon the Premises or conduct any auction thereon without Lessor's prior written consent.

17.19. Merger. The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Lessor, terminate all or any existing subtenancies or may, at the option of Lessor, operate as an assignment to Lessor of any or all of such subtenancies.

17.20. Corporate Authority. If Lessee is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the Bylaws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms. If Lessee is a corporation Lessee shall, within thirty (30) days after execution of this Lease, deliver to Lessor a certified copy of a resolution of the Board of Directors of said corporation authorizing or ratifying the execution of this Lease.

18. OCCUPANCY BY LESSEE. Should Premises be ready for occupancy prior or subsequent to April 1, 1987, Lessee shall take possession of Premises within one (1) week after being advised by Lessor of Lessor's receipt of said Notice of Completion and the rent shall commence upon the first day of said possession. Should possession take place prior to the

first day of a month or after the first day of a month then
rent shall be prorated on a daily basis to the first day of
the next month thereafter and Lessee shall pay Lessor upon

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said possession said pro rata rent together with the next month's rent.

The parties hereto have executed this Lease at the place and on the dates specified immediately adjacent to their respective signatures.

Executed April 1, 1987.
Two-thirds (2/3) of the
monthly rent will be sent
to: Gordon N. Wagner
104 Via Orieto
Newport Beach, CA 92663

LESSOR:

By: _____
GORDON N. WAGNER

By: _____
PEGGY M. WAGNER

One-third (1/3) of the
monthly rent will be sent
to: Joseph W. Basinger
2246 Ridgemont Drive
Los Angeles, CA 90046

By: _____
JOSEPH W. BASINGER

By: _____
VIOLA MARIE BASINGER

Executed at Burbank, Cali-
fornia on April 1, 1987.
Address: 2721 Empire Avenue
Burbank, CA 91504-3212

HAWKER PACIFIC, INC., LESSEE

By: _____

By: _____

Recording requested by
Hawker Pacific, Inc.

When recorded mail to
Douglas M. Neistat
Angel and Neistat
888 South Figueroa St., 17th Fl.
Los Angeles, CA 90017

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE is made and entered into by and between Gordon N. Wagner and Peggy M. Wagner, Husband and Wife, as joint tenants and Joseph W. Basinger and Viola Marie Basinger, Husband and Wife, as joint tenants, herein collectively called "Lessor," and Hawker Pacific, Inc., a corporation, herein called "Lessee," to witness that:

Lessor hereby leases to Lessee for a term of ten (10) years commencing on April 1, 1987, and ending on March 31, 1997, on the terms and conditions set forth in that certain lease by and between the parties hereto dated March 26, 1987 all the terms and conditions of which lease are made a part hereof as though fully set forth herein, all those certain premises in the County of Los Angeles, State of California, described as follows:

That portion of the east 100 feet of the west half of lot 62 of Lankershim Ranch Land and Water Company's subdivision of the east 12,000 acres of the south half of the Ranch X Mission of San Fernando, in the city of Los Angeles, county of Los Angeles, State of California as per map recorded in Book 31, Pages 39 seq. of miscellaneous records in the office of the City Recorder of said county line northerly of a line, extending south 89 degrees 4 feet 25 inches east from a point in the centerline of Tujunga Avenue, 50 feet wide

distant north zero degrees 00 feet 30 inches west 406.44 feet from the intersection of said centerline of the westerly prolongation of the southerly line of said lot 62. Except therefrom the southerly 30 feet thereof.

The premises is commonly known as 11310 Sherman Way, Sun Valley, CA 91352.

EXECUTED on April 8, 1987 at Newport Beach, California.

LESSOR

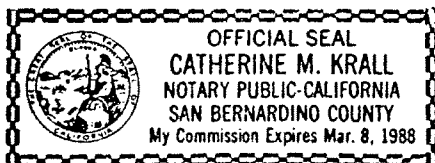
Gordon N. Wagner
GORDON N. WAGNER

Peggy M. Wagner
PEGGY M. WAGNER

ACKNOWLEDGEMENT

State of California)
County of RIVERSIDE) SS

On this 8TH day APRIL, in the year 1987 before me, CATHERINE M. KRALL, a notary public, personally appeared Gordon N. Wagner and Peggy W. Wagner, proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to this instrument, and acknowledged that they executed it.



Catherine M. Krall
Notary Public for the
State of California
My commission expires:
MARCH 8, 1988

LESSOR

JOSEPH W. BASINGER

VIOLA MARIE BASINGER

ACKNOWLEDGEMENT

State of California)
) ss
County of _____)

On this _____ day of _____, in the
year 1987, before me, _____, a notary public, per-
sonally appeared Joseph W. Basinger and Viola Marie Basinger, proved
to me on the basis of satisfactory evidence to be the persons whose
names are subscribed to this instrument, and acknowledged that they
executed it.

Notary Public for the State of California

My commission expires:
_____, 19____

LESSEE

HAWKER PACIFIC, INC.

DOUGLAS M. NEISTAT,
Attorney for Hawker Pacific, Inc.

L E A S E

THIS LEASE is made as of the 21 day of November, 1994, by and between GORDON N. WAGNER and PEGGY M. WAGNER, as Co-Trustees of the Wagner Living Trust, and JOSEPH W. BASINGER and VIOLA MARIE BASINGER (collectively, "Landlord") and HAWKER PACIFIC, INC., a California corporation ("Tenant"), who hereby mutually covenant and agree as follows:

I. GRANT, TERM, DEFINITIONS AND BASIC PROVISIONS

1.0 Grant. Landlord, for and in consideration of the rents and other sums herein reserved and of the covenants and agreements herein contained on the part of the Tenant to be performed, hereby leases to Tenant, and Tenant hereby lets from Landlord, the improved real estate commonly known as 11310 Sherman Way, Sun Valley, California and legally described in Exhibit A attached hereto, together with all real property improvements and appurtenances belonging to or in any way pertaining to the same (collectively, the "Leased Premises").

Landlord and Tenant hereby acknowledge that the lease dated March 26, 1987 (the "Existing Lease"), between Tenant and Landlord's predecessor-in-interest, with respect to the Leased Premises (the "Prior Lease"), shall terminate as of the Commencement Date, as defined hereinbelow.

1.1 Lease Term. The term of this Lease (the "Term") shall commence upon the complete execution of this Lease (the "Commencement Date") and shall terminate on July 31, 2004 (the "Expiration Date"), unless sooner terminated in accordance with the terms of this Lease.

1.2 Basic Lease Provisions.

(a) Purpose (See Article III): Any lawful purpose.

(b) Rent (See Paragraph 4.0.1)

<u>Period</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>
Commencement Date to July 31, 1995	\$197,368.44	\$16,447.37
Periods subsequent to July 31, 1995 during the Lease Term	Rent shall be adjusted in accordance with Paragraph 4.0.1 hereof.	

(c) Payee (See Paragraph 4.0): Peggy M. Wagner and Joseph W. Basinger.

(d) Payee's Address (See Paragraph 4.0):

(e) Security Deposit (See Article V): Twenty-Five Thousand Three Hundred Sixty-Eight and 00/100 Dollars (\$25,368.00).

(f) Form of Insurance (See Article VI): The insurance specified in Paragraph 6.0 of this Lease.

(g) Tenant's Address (for notices) (See Paragraph 18.1): 11310 Sherman Way, Sun Valley, California 91352.

(h) Landlord's Address (for notices) (See Paragraph 18.1):

II. POSSESSION

Tenant has examined and knows the condition of the Leased Premises (including, without limitation, the condition of all improvements), and Tenant hereby accepts the Leased Premises in its "AS IS" condition, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Leased Premises, and accepts this Lease subject thereto and to all matters disclosed hereby and by any exhibits attached hereto. Tenant acknowledges that neither Landlord nor Landlord's agent has made any representation or warranty as to the suitability of the Leased Premises for the conduct of Tenant's business. If Tenant vacates the Leased Premises, Tenant shall pay any increased insurance caused thereby.

III. PURPOSE

The Leased Premises shall be used and occupied only for the purpose set forth in Paragraph 1.2(a) hereof, except that no such use shall (a) constitute a public or private nuisance or waste, or (b) be unlawful. Except as expressly stated otherwise in this Lease or in the Agreement of which this Lease is Attachment A, Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term or any part of the term hereof regulating the use by Tenant of the Leased Premises.

IV. RENT

4.0 Rent. Beginning with the Commencement Date, Tenant shall pay rent as set forth in Paragraph 1.2(b) hereof. Annual rent shall be payable in equal monthly installments, in advance, on the first day of each month during the Lease Term. Rent shall be prorated for partial years and months within the Term. Rent shall be paid to or upon the order of Payee at the Payee's Address. Landlord shall have the right to change the Payee or the Payee's Address by giving written notice thereof to Tenant.

4.0.1 Rent Adjustments. Annual rent shall be adjusted in accordance with this Paragraph 4.0.1.

(a) The annual rent shall be adjusted as of August 1, 1995 and as of the first day of August of each year thereafter during the Term (each such date being referred to hereinafter as an "Adjustment Date"), according to the following computation:

The base for computing the adjustment is the index figure for the month of August, 1994 (the "Base Index"), as shown in the Consumer Price Index ("CPI") for all urban consumers for the Los Angeles area (1982 - 1984 = 100) as published by the United States Department of Labor's Bureau of Labor Statistics.

If the CPI for all urban consumers for the Los Angeles area published for the month preceding the month of the Adjustment Date, ("Adjustment Index") has changed over the Base Index, the annual rent for the following one-year

period (until the next rent adjustment) shall be set by multiplying the sum of One Hundred Ninety-Seven Thousand Three Hundred Sixty-Eight and 44/100 Dollars (\$197,368.44) by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Base Index. If the amount of annual rental increase cannot be ascertained at the time it is effective, it shall be paid within thirty (30) days after the time such increase is determined and notice thereof mailed to Tenant at the Leased Premises.

(b) Notwithstanding the foregoing, the annual/monthly rent for each period from August 1, 1995 through the end of the Term of this Lease shall be at least the Minimum Annual/Monthly rent shown below, and shall be no greater than the Maximum Annual/Monthly rent shown below.

<u>Period</u>	<u>Minimum Annual/ Monthly Rent</u>	<u>Maximum Annual/ Monthly Rent</u>
August 1, 1995 - July 31, 1996	\$203,289.49/ \$ 16,940.79	\$209,210.54/ \$ 17,434.21
August 1, 1996 - July 31, 1997	\$209,388.17/ \$ 17,449.01	\$221,763.17/ \$ 18,480.26
August 1, 1997 - July 31, 1998	\$215,669.81/ \$ 17,972.48	\$235,068.96/ \$ 19,589.08
August 1, 1998 - July 31, 1999	\$222,139.90/ \$ 18,511.65	\$249,173.09/ \$ 20,764.42
August 1, 1999 - July 31, 2000	\$228,804.09/ \$ 19,067.00	\$264,123.47/ \$ 22,010.28
August 1, 2000 - July 31, 2001	\$235,668.21/ \$ 19,639.01	\$279,970.87/ \$ 23,330.90
August 1, 2001 - July 31, 2002	\$242,738.25/ \$ 20,228.18	\$296,769.12/ \$ 24,730.76
August 1, 2002 - July 31, 2003	\$250,020.39/ \$ 20,835.03	\$314,575.26/ \$ 26,214.60
August 1, 2003 - July 31, 2004	\$257,521.00/ \$ 21,460.08	\$333,449.77/ \$ 27,787.48

4.1 Taxes. For the period following the Commencement Date, Tenant shall pay all real estate taxes applicable to the Leased Premises during the Lease Term ("Taxes"). "Taxes" shall mean all federal, state and local governmental taxes, assessments and charges (including transit or transit district taxes or assessments) of every kind or nature, whether general, special, ordinary or extraordinary, which Landlord shall pay or become obligated to pay because of or in connection with the ownership, leasing, management, control or operation of the Leased Premises, or of the personal property, fixtures, machinery, equipment, systems and apparatus located therein or used in connection therewith (including any rental or similar taxes levied in lieu of or in addition to general real and/or personal property taxes). All such payments shall be made prior to the delinquency date of such payment. Upon request of Landlord, Tenant shall promptly furnish Landlord with satisfactory evidence that such taxes have been paid. If any such taxes paid by Tenant shall cover any period of time prior to or after the expiration of the term hereof, Tenant's share of such taxes shall be equitably prorated to cover only the period of time within the tax fiscal year during which this Lease shall be in effect, and Landlord shall reimburse Tenant to the extent required. If Tenant shall fail to pay any such taxes, Landlord shall have the right to pay

the same, in which case Tenant shall repay such amount to Landlord with Tenant's next rent installment together with interest at the rate of seven and one-half percent (7.5%) per annum.

4.1.1 Joint Assessment. If the Leased Premises are not separately assessed, Tenant's liability shall be an equitable proportion of the real property taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Landlord from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Landlord's reasonable determination thereof, in good faith, shall be conclusive.

4.1.2 Personal Property Taxes. Tenant shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Tenant contained in the Leased Premises or elsewhere. When possible, Tenant shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord.

4.2 Interest on Late Payments. Tenant hereby acknowledges that late payment by Tenant to Landlord of rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any mortgage or trust deed covering the Leased Premises. Accordingly, each and every payment of charges due hereunder, which shall not be paid within ten (10) days after such amount shall be due, shall bear interest at the rate of seven and one-half percent (7.5%) per annum or the maximum rate of interest permitted by law, whichever is less, from the date when same is payable under the terms of this Lease until the same shall be paid. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

V. SECURITY DEPOSIT

As security for the performance of its obligations under this Lease, Landlord has received a security deposit (the "Security Deposit") in the amount specified in Subsection 1.2(e). The Security Deposit may be applied by Landlord to cure any default of Tenant hereunder following notice to Tenant and the expiration of applicable cure periods. If Tenant has not cured said default within the applicable cure period, Landlord may use, apply or retain all or any portion of the Security Deposit for the payment of any rent or other charge in default or for the payment of any other sum to which Landlord may become obligated by reason of Tenant's default. Unless Tenant disputes Landlord's application of all or any portion of the Security Deposit, Tenant shall within ten (10) days after written demand therefor deposit cash with Landlord in an amount sufficient to restore said deposit to the full amount hereinabove stated and Tenant's failure to do so shall be a material breach of this Lease. Within thirty (30) days after the Expiration Date and after Tenant has vacated the Leased Premises, Landlord shall return the balance of the Security Deposit, if any, to Tenant or Tenant's assignee.

VI. INSURANCE

6.0 Kinds and Amounts. During the term of this Lease, Tenant shall procure and maintain policies of insurance, at its sole cost and expense, insuring:

(a) Landlord and Tenant from all claims, demands or actions for bodily injury or property damage in an amount of not less than Five Hundred Thousand Dollars (\$500,000) combined single limit made by, or on behalf of, any person or persons, firm or corporation arising from, related to or connected with the operation of the Leased Premises by Tenant.

(b) Landlord's interest in all improvements located on the Leased Premises against property damage in an amount equal to the full replacement value.

(c) Loss of rent from business interruption in an amount equal to the rent reserved for a period of six (6) months under this Lease.

6.1 Form of Insurance. The aforesaid insurance shall be issued by companies rated A- or better in Best's Insurance Guide at the time such insurance is procured, shall be qualified to do business in California, and shall contain standard loss payee clauses satisfactory to Landlord and Landlord's mortgagee. The aforesaid insurance shall not be subject to cancellation or non-renewal by either the insurance carrier or the insured except after at least thirty (30) days prior written notice to Landlord and any mortgagee of Landlord. Certificates of insurance shall be deposited with Landlord, naming the same as additional insured with respect to Tenant's liability coverage.

6.2 Mutual Waiver of Subrogation Rights. Whenever (a) any loss, cost, damage or expense resulting from fire, explosion or any other casualty or occurrence is incurred by either of the parties to this Lease, or anyone claiming by, through, or under it in connection with the Leased Premises, and (b) such party is then covered in whole or in part by insurance with respect to such loss, cost, damage or expense or is required under this Lease to be so insured, then the party so insured (or so required) hereby releases the other party from any liability said other party may have on account of such loss, cost, damage or expense to the extent of any amount recovered by reason of such insurance (or which could have been recovered had such insurance been carried as so required) and waives any right of subrogation which might otherwise exist in or accrue to any person on account thereof, provided that such release of liability and waiver of the right of subrogation shall not be operative in any case where the effect thereof is to invalidate such insurance coverage. Notwithstanding anything to the contrary contained in this Paragraph, nothing herein is intended to waive or affect, and Tenant specifically reserves, all of its rights against Landlord to recover any and all of the amount of any deductible or self-insured retention that Tenant has incurred as a result of any loss, cost, damage or expense.

VII. DAMAGE OR DESTRUCTION

7.0 Partial Damage -- Insured. For purposes of this Article VII, damage to the Leased Premises shall be considered "Partial Damage" only if less than twenty-five percent (25%) of the floor area of the improvements on the Leased Premises is damaged by a casualty. Subject to the provisions of Paragraph 7.3, if the Leased Premises suffer Partial Damage and such Partial Damage was caused by a casualty covered under an insurance policy required to be maintained pursuant to Article VI, Landlord shall at Landlord's expense repair such Partial

Damage as soon as reasonably possible and this Lease shall continue in full force and effect. Notwithstanding the above, if the Tenant is the insuring party, and if the insurance proceeds received by Landlord are not sufficient to effect such repair, Landlord shall give notice to Tenant of the amount required in addition to the insurance proceeds to effect such repair. Tenant may, at Tenant's option, contribute the required amount, but upon failure to do so within thirty (30) days following such notice, Landlord's sole remedy shall be, at Landlord's option and with no liability to Tenant, to cancel and terminate this lease as of the date of the casualty. If Tenant shall contribute such amount to Landlord within said thirty (30) day period, Landlord shall make such repairs as soon as reasonably possible and this Lease shall continue in full force and effect. Tenant shall in no event have any right to reimbursement for any such amount so contributed.

7.1 Partial Damage -- Uninsured. Subject to the provisions of Paragraph 7.3, if at any time during the term hereof the Leased Premises suffer Partial Damage, except by a willful act of Tenant, and such Partial Damage was caused by a casualty not covered under an insurance policy required to be maintained pursuant to Article VI, Landlord may at Landlord's option either (a) repair such Partial Damage as soon as reasonably possible at Landlord's expense, in which event this Lease shall continue in full force and effect, or (b) give written notice to Tenant within thirty (30) days after the date of the occurrence of such Partial Damage of Landlord's intention to cancel and terminate this Lease as of the date of the occurrence of such Partial Damage. In the event Landlord elects to give such notice of Landlord's intention to cancel and terminate this Lease, Tenant shall have the right within ten (10) days after the receipt of such notice to give written notice to Landlord of Tenant's intention to repair such Partial Damage at Tenant's expense, without reimbursement from Landlord, in which event this Lease shall continue in full force and effect, and Tenant shall proceed to make such repairs as soon as reasonably possible. If Tenant does not give such notice within such ten (10) day period this Lease shall be cancelled and terminated as of the date of the occurrence of such Partial Damage.

7.2 Total Destruction. Notwithstanding anything else in this Article VII, damage to the Leased Premises shall be considered "Total Destruction" of the Leased Premises if (a) twenty-five percent (25%) or more of the floor area of the improvements on the Leased Premises is damaged by a casualty, or (b) as a result of a casualty, Tenant is unable to conduct its business in the normal course of business. If at any time during the term hereof the Leased Premises suffer Total Destruction from any cause whether or not covered by the insurance required to be maintained pursuant to Article VI (including any total destruction required by any authorized public authority) this Lease shall automatically terminate as of the date of such Total Destruction.

7.3 Damage Near End of Term. If the Leased Premises suffer Partial Damage during the last twelve (12) months of the term of this Lease, either party may at its option cancel and terminate this Lease as of the date of occurrence of such Partial Damage by giving written notice to the other party of its election to do so within thirty (30) days after the date of occurrence of such Partial Damage.

7.4 Abatement of Rent; Tenant's Remedies.

(a) If the Leased Premises are partially destroyed or damaged and Landlord or Tenant repairs or restores them pursuant to the provisions of this Article, the rent payable under Article 4 and all other payments Tenant is obligated to pay under this Lease for the period during which such damage, repair, or restoration continues shall be abated in

proportion to the degree to which Tenant's use of the Leased Premises is impaired; provided, however, that in no case shall such abatement be less than if the abatement was calculated pro rata based on the amount of square footage damaged or destroyed. Except for abatement of rent, if any, Tenant shall have no claim against Landlord for any damage suffered by reason of any such damage, destruction, repair, or restoration, unless such damage or destruction was caused by a willful act of Landlord, or such repair or restoration was performed in a negligent or willfully dangerous or unstable manner.

(b) If Landlord shall be obligated to repair or restore the Leased Premises under the provisions of this Paragraph 7.0 and shall not commence such repair or restoration within ninety (90) days after such obligation shall accrue, Tenant may at Tenant's option cancel and terminate this Lease by giving Landlord written notice of Tenant's election to do so at any time prior to the commencement of such repair or restoration. In such event this Lease shall terminate as of the date of the casualty.

7.5 Prompt Repair. If, under Paragraphs 7.0 or 7.1, Landlord is obligated or chooses to repair Partial Damage to the Leased Premises, Tenant may terminate this Lease without penalties if Landlord (a) fails to complete such repair work within one hundred and eighty (180) days from the date of the occurrence of such Partial Damage, or (b) cannot reasonably be expected to complete such repair work within one hundred and eighty (180) days from the date of the occurrence of such Partial Damage. If Tenant chooses to terminate this Lease pursuant to this Paragraph 7.5, this Lease shall be terminated as of the date of the occurrence of such Partial Damage.

7.6 Termination -- Advance Payments. Upon termination of this Lease pursuant to this Article VII, Tenant shall be entitled to a pro rata refund of any rent or other monetary amounts paid in advance. In addition, Landlord shall return to Tenant Tenant's Security Deposit in the manner described in Article V.

VIII. CONDEMNATION

8.0 Landlord's Duty to Notify Tenant. Within ten (10) days after receiving notice that the Leased Premises or a portion thereof may be taken under the power of eminent domain or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), Landlord shall notify Tenant in writing of the threatened condemnation.

8.1 Termination. If the Leased Premises or any portion thereof are to be taken by condemnation, this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs; provided, however, Tenant may, at Tenant's option, terminate this Lease if (a) more than ten percent (10%) of the floor area of the improvements on the Leased Premises is taken or threatened to be taken by condemnation, (b) more than twenty-five percent (25%) of the land area of the Leased Premises which is not occupied by any improvements is taken or threatened to be taken by condemnation, or (c) any such condemnation or threatened condemnation materially restricts ingress or egress from the Leased Premises. If Tenant chooses to terminate this Lease pursuant to this Article VIII, Tenant must so notify Landlord before thirty (30) days have lapsed from the date Tenant receives written notice of such condemnation or threatened condemnation from Landlord (or in the absence of such notice, before thirty (30) days have lapsed from the date the condemning authority shall have taken possession of the Leased Premises). Under the aforementioned circumstances the Lease shall terminate as of the date title

vests in the condemning authority. If Tenant does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Leased Premises remaining, except that the rent shall abate pro rata based upon the square footage of the total floor area of the Leased Premises taken by condemnation. In any case of a complete or partial taking or conveyance of the Leased Premises, the Tenant shall be entitled to a pro rata refund of any rent and other monetary amounts paid in advance. The Tenant shall receive such portion of any condemnation award to which it is entitled under statutory or common law. Any award for the taking of all or any part of the Leased Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Landlord, whether such award shall be made as compensation for diminution in value of this leasehold or for the taking of the fee, or as severance damages; provided, however, that Tenant shall be entitled to any portion of the award for loss of or damage to Tenant's trade fixtures and removable personal property, and Tenant may bring apportionment proceedings to identify the portion of the award to which Tenant is entitled. In the event that this Lease is not terminated by reason of such condemnation, Landlord shall, to the extent of severance damages received by Landlord in connection with such condemnation, repair any damages to the Leased Premises caused by such condemnation except to the extent that Tenant has been reimbursed therefor by the condemning authority.

IX. MAINTENANCE, ALTERATIONS, AND SURRENDER

9.0 Maintenance. Tenant shall during the term of this Lease keep in good order, condition and repair, the Leased Premises and every part thereof, structural or non-structural, and all adjacent sidewalks, landscaping, driveways, parking lots, fences, and signs located in the areas which are adjacent to and included with the Leased Premises. Landlord shall incur no expense nor have any obligation of any kind whatsoever in connection with maintenance of the Leased Premises, and Tenant expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to keep the Leased Premises in good order, condition, and repair.

9.1 Alterations.

(a) Without Landlord's prior written consent, which shall not be unreasonably withheld, Tenant shall not make any alterations, improvements, additions, utility installations in, on, or about the Leased Premises, except for non-structural alterations not exceeding Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) in cost; Tenant is expressly permitted to effect nonstructural alterations to the Leased Premises if the cost of such alterations does not exceed Twenty-Five Thousand and 00/100 Dollars (\$25,000.00). As used in this Paragraph 9.1, the term "utility installations" shall include bus ducting, power panels, fluorescent fixtures, space heaters, conduits, and wiring. As a condition to giving such consent, Landlord may require that Tenant agree to remove any such alterations, improvements, additions, or utility installations at the expiration of the term, and to restore the Leased Premises to their prior condition.

(b) Tenant shall give Landlord not less than ten (10) days' notice prior to the commencement of any work in the Leased Premises, and Landlord shall have the right to post notices of non-responsibility in or on the Leased Premises as provided by law.

(c) Unless Landlord requires their removal as set forth in Paragraph 9.1(a), all alterations, improvements, additions, and utility installations (whether or not such utility installations constitute fixtures of Tenant), which may be made on the Leased Premises, shall become the property of Landlord and remain upon and be surrendered with the Leased Premises at the expiration of the term. Notwithstanding the provisions of this Paragraph 9.1(c), Tenant's machinery, trade fixtures, and equipment shall remain the property of Tenant and may be removed by Tenant subject to the provisions of Paragraph 9.2. All machinery, trade fixtures, and equipment which Tenant does not remove from the Leased Premises upon the termination of the Term shall become the property of Landlord.

9.2 Surrender. Upon the termination of the Term, Tenant shall surrender the Leased Premises to Landlord in the same condition as when received on the Commencement Date (subject to Paragraphs 9.1(a) and (c)), broom clean, ordinary wear and tear excepted. Tenant shall repair any damage to the Leased Premises occasioned by the removal of Tenant's trade fixtures, furnishings, and equipment pursuant to Paragraph 9.1(c), which repair shall include the patching and filling of holes and repair of structural damage.

9.3 Landlord's Rights. If Tenant fails to perform Tenant's obligations under this Article 9, Landlord may at its option (but shall not be required to) enter upon the Leased Premises, after ten (10) days' prior written notice to Tenant, and put the same in good order, condition and repair, and the cost thereof together with interest thereon at the rate of seven and one-half percent (7.5%) per annum shall become due and payable by Tenant.

X. ASSIGNMENT AND SUBLETTING

Tenant shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Leased Premises, without Landlord's prior written consent, which Landlord shall not unreasonably withhold. Regardless of Landlord's consent, no subletting or assignment shall release Tenant of Tenant's obligation or alter the primary liability of Tenant to pay the rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a breach of this Lease. Notwithstanding anything contained herein to the contrary, and so long as Tenant is not otherwise in default under this Lease, Tenant may assign this Lease without Landlord's consent to (a) Tenant's corporate parent, the corporate subsidiaries of Tenant or its corporate parent, or any corporation in which Tenant or said parent or subsidiaries shall own a controlling interest, or (b) any purchaser of substantially all of Tenant's assets located at the Leased Premises or Tenant's stock, provided that the assignee executes an agreement assuming Tenant's obligations hereunder. In the event that the net worth of the assignee following the assignment incidental to the sale of Tenant's assets or stock is less than ten (10) times the reasonably estimated remaining monetary obligations of Tenant under the Lease, the entity receiving the proceeds from such sale shall be liable for Tenant's remaining obligations under the Lease.

XI. LIENS AND ENCUMBRANCES

11.0 Encumbering Title. Tenant shall not do any act which shall in any way encumber Landlord's interest in and to the Leased Premises, nor shall the interest or estate of Landlord in the Leased Premises in any way become subject to any claim by way of lien or encumbrance, whether by operation of law or by virtue of any express or implied contract by Tenant, subject to Tenant's right to contest any such lien or encumbrance as described in Paragraph 11.1 hereinbelow. Any claim to, or lien upon, the Leased Premises arising from any act or omission of Tenant other than a claim by Landlord, shall accrue only against the leasehold estate of Tenant and shall be subject and subordinate to the paramount title and rights of Landlord in and to the Leased Premises.

11.1 Liens and Right to Contest. If a person should attempt to place a mechanics', laborers', or materialmen's lien upon any part of the Leased Premises, Tenant shall so notify Landlord in writing within ten (10) days of discovering the attempt to place such a lien. Tenant shall not permit the Leased Premises to become subject to any mechanics', laborers' or materialmen's lien on account of labor or material furnished to Tenant or claimed to have been furnished to Tenant in connection with work of any character performed or claimed to have been performed for the Leased Premises by, or at the direction or sufferance of, Tenant; provided, however, that Tenant shall have the right to contest, in good faith and with reasonable diligence, the validity of any such lien or claimed lien if Tenant shall give to Landlord, upon Landlord's request, a bond in an amount equal to one and one-half (1-1/2) times the estimated cost of such improvements, to insure Landlord against any liability for mechanics' and materialmen's liens; provided further, however, that on final determination of the lien or claim for lien, Tenant shall immediately pay any judgment rendered, with all proper costs and charges, and shall have the lien released and any judgment satisfied.

XII. UTILITIES

Tenant shall purchase all utility services, including without limitation, fuel, water, sewerage, and electricity, from the utility or municipality providing such service, and shall pay for such services, together with any taxes thereon, when such payments are due.

XIII. INDEMNITY AND WAIVER

13.0 Tenant's Indemnity. Tenant and its successors and assignees will protect, defend, indemnify, and save harmless Landlord, and its heirs, successors, and assignees from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs, and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against Landlord by reason of (a) any failure on the part of Tenant to perform or comply with any of the terms of this Lease; or (b) the performance of any labor or services or the furnishing of any materials or other property in respect of the Leased Premises or any part thereof performed by or on behalf of Tenant during the Lease Term.

13.1 Exemption of Landlord from Liability. Except as set forth in Paragraph 7.4(a), Tenant hereby agrees that Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom or for the damage to the goods, wares, merchandise, or other property of Tenant, Tenant's employees, invitees, customers, or any other person in or about the Leased Premises, nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents, or contractors, whether

such damage or injury is caused by or results from fire, steam, electricity, gas, water, or rain, or from the breakage, leakage, obstruction, or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning, or lighting fixtures, or from any other cause, whether the said damage or injury results from conditions arising upon the Leased Premises or upon other portions of the building of which the Leased Premises are a part, or from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Tenant. Landlord shall not be liable for any damages arising from any act or neglect of any other tenant, if any, of the building in which the Leased Premises are located. Nothing in this Paragraph 13.1 is intended to grant, and Tenant expressly does not grant, Landlord the right to seek indemnification from Tenant for any costs incurred by Landlord as a result of claims or demands or liability arising out of the matters discussed in this Paragraph 13.1.

13.2 Landlord's Indemnity. Landlord and its heirs, successors, and assignees will protect, defend, indemnify, and save harmless Tenant, and its agents, employees, officers, and directors from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs, and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against Tenant by reason of any failure on the part of Landlord to perform or comply with any of the terms of this Lease.

XIV. RIGHTS RESERVED TO LANDLORD

Without limiting any other rights reserved or available to Landlord under this Lease, at law or in equity, Landlord reserves the following rights to be exercised at Landlord's election:

(a) Upon five (5) days notice to Tenant, except in case of emergency, to enter and/or inspect the Leased Premises and to make repairs, additions, or alterations to the Leased Premises; and

(b) Upon five (5) days notice to Tenant, to show the Leased Premises to persons having a legitimate interest in viewing the same.

Landlord may enter upon the Leased Premises for any and all of said purposes and may exercise any and all of the foregoing rights hereby reserved, so long as such exercise does not result in any interference in the conduct of Tenant's business.

XV. QUIET ENJOYMENT

So long as Tenant is not in default under the covenants and agreements of this Lease, Tenant's quiet and peaceable enjoyment of the Leased Premises shall not be disturbed or interfered with by Landlord or by any person claiming by, through, or under Landlord.

XVI. SUBORDINATION OR SUPERIORITY

This Lease and Tenant's rights are and shall be subject to any mortgage(s) or trust deed(s) executed by Landlord against the Leased Premises and to any amendments, modifications, or renewals thereof. Tenant shall execute and deliver within fifteen (15) days of the request of Landlord or its mortgagee such acknowledgments or documents as may be requested from time to time in connection with the financing of the Leased Premises including, without limitation, subordination and attornment instruments, and estoppel certificates. Notwithstanding the

foregoing, Tenant shall have no obligation to subordinate its interest in this Lease to the holder of any mortgage(s) or trust deed(s) executed by Landlord unless Tenant has received from such mortgagee a so-called "Nondisturbance Agreement" in form and content satisfactory to Tenant.

XVII. REMEDIES

17.0 Defaults. Tenant agrees that any one or more of the following events shall be considered events of default as said term is used herein:

- (a) Tenant shall be adjudged an involuntary bankrupt, or a decree or order approving, as properly filed, a petition or answer filed against Tenant asking reorganization of Tenant under the Federal bankruptcy laws as now or hereafter amended, or under the laws of any state, shall be entered, and any such decree or judgment or order shall not have been vacated or set aside within sixty (60) days from the date of the entry or granting thereof; or
- (b) Tenant shall file or admit the jurisdiction of the court and the material allegations contained in any petition in bankruptcy or any petition pursuant or purporting to be pursuant to the Federal bankruptcy laws as now or hereafter amended, or Tenant shall institute any proceedings for any relief of Tenant under any bankruptcy or insolvency laws or any laws relating to the relief of debtors, readjustment or indebtedness, reorganization, arrangements, composition or extension; or
- (c) Tenant shall make any assignment for the benefit of creditors or shall apply for consent to the appointment of a receiver for tenant or any of the property of Tenant; or
- (d) The Leased Premises are levied upon by any revenue officer or similar officer as the result of any act or omission of Tenant; or
- (e) A decree or order appointing a receiver of all or substantially all of the property of Tenant shall be made and such decree or order shall not have been vacated or set aside within sixty (60) days from the date of entry or granting thereof; or
- (f) Tenant shall default in any payment of rent or in any other payment required to be made by Tenant hereunder and such default shall continue for ten (10) days after delivery of notice thereof in writing to Tenant; or
- (g) Tenant shall fail to contest the validity of any lien or claimed lien and give security to Landlord to assure payment thereof, or, having commenced to contest the same and having given such security, shall fail to prosecute such contest with diligence, or shall fail to have the same released and satisfy any judgment rendered thereon, and such default continues for ten (10) days after notice thereof in writing to Tenant; or
- (h) Tenant shall vacate and abandon the Leased Premises and cease payment of rent. It shall not be an instance of default if Tenant vacates and abandons the Leased Premises but continues to pay rent; or
- (i) Tenant shall default in keeping, observing, or performing any of the other covenants or agreements herein contained to be kept, observed, and performed by Tenant, and such default shall continue for thirty (30) days after notice thereof in writing to Tenant; provided, however, that

if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be in default if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

Upon the occurrence of any one or more of such events of default, Landlord may, at its election, terminate this Lease or terminate Tenant's right to possession only, without terminating the Lease. Upon termination of the Lease, or upon any termination of the Tenant's right to possession without termination of the Lease, the Tenant shall surrender possession and vacate the Leased Premises immediately, and deliver possession thereof to the Landlord, and hereby grants to the Landlord the full and free right, without demand or notice of any kind to Tenant (except as hereinabove expressly provided for or otherwise required by applicable law), to enter into and upon the Leased Premises, in accordance with the requirements of applicable law, and to repossess the Leased Premises as the Landlord's former estate and to expel or remove the Tenant and any others who may be occupying the Leased Premises, without relinquishing the Landlord's rights to the rent or any other right given to the Landlord hereunder or by operation of law. Upon termination of the Lease, Landlord shall be entitled to recover as damages all rent and other sums due and payable by Tenant on the date of termination, plus (1) an amount equal to the present value of the rent and other sums provided herein to be paid by Tenant for the residue of the stated term hereof, less the fair rental value of the Leased Premises for the residue of the stated term (taking into account the time and expenses necessary to obtain a replacement tenant or tenants, including expenses hereinafter described relating to recovery of the Leased Premises, preparation for reletting and for reletting itself), and (2) the cost of performing any other covenants to be performed by the Tenant. If the Landlord elects to terminate the Tenant's right to possession only without terminating the Lease, the Landlord may enter into the Leased Premises, remove the Tenant's signs, if any, and other evidences of tenancy, and take and hold possession thereof as hereinabove provided, without such entry and possession terminating the Lease or releasing the Tenant, in whole or in part, from the Tenant's obligations to pay the rent hereunder for the full term or from any other of its obligations under this Lease. In the event Landlord elects to terminate the Tenant's right to possession only, Landlord shall exercise reasonable efforts to relet all or any part of the Leased Premises for such rent and upon such terms as shall be satisfactory to Landlord (including the right to relet the Leased Premises as part of a larger area and the right to change the character or use made of the Leased Premises). For the purpose of such reletting, Landlord may decorate or make any repairs, changes, alterations or additions in or to the Leased Premises that may be necessary or convenient. All expenses of decorating, changing, altering, and adding to the Leased Premises shall be borne solely by Landlord. If Landlord does not relet the Leased Premises, Tenant shall pay to Landlord on demand damages equal to the amount of the rent and other sums provided herein to be paid by Tenant for the remainder of the Lease Term as the same shall become due and payable. If the Leased Premises are relet and a sufficient sum shall not be realized from such reletting after paying all of the expenses of such reletting and the collection of the rent accruing therefrom (including, but not by way of limitation, reasonable attorneys' fees and brokers' commissions), to satisfy the rent and other charges herein provided to be paid for the remainder of the Lease Term, Tenant shall pay to Landlord on demand any deficiency as the same shall become due and payable. Tenant agrees that Landlord may file suit to recover any sums falling due under the terms of this Paragraph 17.0 from time to time. Tenant shall pay all costs and expenses, including attorneys' fees and costs, incurred by Landlord in recovering such sums due hereunder.

17.1 Remedies Cumulative. No remedy herein or otherwise conferred upon or reserved to Landlord shall be considered to exclude or suspend any other remedy but the same shall be cumulative and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute, and every power and remedy given by this Lease to Landlord may be exercised from time to time and so often as occasion may arise or as may be deemed expedient.

17.2 No Waiver. No delay or omission of either party to exercise any right or power arising from any default shall impair any such right or power or be construed to be a waiver of any such default or any acquiescence therein. No waiver of any breach of any of the covenants of this Lease shall be construed, taken, or held to be a waiver of any other breach, or as a waiver, acquiescence in or consent to any further or succeeding breach of the same covenant. The acceptance by Landlord of any payment of rent or other sums due hereunder after the termination by Landlord of this Lease or of Tenant's right to possession hereunder shall not, in the absence of agreement in writing to the contrary by Landlord, be deemed to restore this Lease or Tenant's rights hereunder, as the case may be, but shall be construed as a payment on account, and not in satisfaction of damages due from Tenant to Landlord.

17.3 Compliance with Laws. Notwithstanding anything contained herein to the contrary, Landlord shall pursue its remedies hereunder in accordance with the laws and judicial decisions of the State of California.

XVIII. MISCELLANEOUS

18.0 Amendments Must Be in Writing. None of the covenants, terms or conditions of this Lease to be kept and performed by either party, shall in any manner be altered, waived, modified, changed, or abandoned except by a written instrument, duly signed and delivered by the other party.

18.1 Notices. All notices to or demands upon Landlord or Tenant desired or required to be given under any of the provisions hereof shall be in writing. Any notices or demands from Landlord to Tenant shall be deemed to have been duly and sufficiently given if delivered personally or mailed by United States certified mail in an envelope properly stamped and addressed to Tenant at Tenant's Address described in Paragraph 1.2(g) hereof or at such other address as Tenant may heretofore or hereafter have designated by written notice to Landlord, and any notices or demands from Tenant to Landlord shall be deemed to have been duly and sufficiently given if delivered personally or mailed by United States certified mail in an envelope properly stamped and addressed to Landlord at Landlord's Address described in Paragraph 1.2(h) hereof, or at such other address or to such other agent as Landlord may heretofore have designated by written notice to Tenant. The effective date of any notice shall be the date of personal delivery or, in the case of mailing, three (3) business days after delivery of the same to the United States Postal Service.

18.2 Memorandum of Lease. Tenant may record this Lease or a "short form" memorandum of this Lease without Landlord's prior consent. Either party shall, within five (5) business days after request by the other, execute, acknowledge and deliver to the other a "short form" memorandum of this Lease for recording.

18.3 Relationship of Parties. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent or of partnership, or of joint venture, by the parties hereto, it being understood and agreed that no provision contained in this

Lease nor any acts of the parties hereto shall be deemed to create any relationship other than the relationship of Landlord and Tenant.

18.4 Captions. The captions of this Lease are for convenience only and are not to be construed as part of this Lease and shall not be construed as defining or limiting in any way the scope or intent of the provisions hereof.

18.5 Severability. If any term or provision of this Lease shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Lease shall not be affected thereby, but each term and provision of this Lease shall be valid and shall be enforced to the fullest extent permitted by law.

18.6 Law Applicable. This Lease shall be construed and enforced in accordance with the laws of the State of California.

18.7 Covenants Binding on Successors. All of the covenants, agreements, conditions, and undertakings contained in this Lease shall extend and inure to and be binding upon the permitted heirs, executors, administrators, successors, and assignees of the respective parties hereto.

18.8 Brokerage. Each of Landlord and Tenant represents and warrants for itself that it has not had any dealings with any broker or agent in connection with the transactions contemplated hereby. Each of Landlord and Tenant covenants to pay, hold harmless, and indemnify the other from and against any and all costs, expenses, or liability for any compensation, commissions, and charges claimed by any broker or agent, with respect to the transactions contemplated hereby or the negotiation thereof and arising by virtue of the acts of the indemnifying party.

18.9 Attorney's Fees. If either party herein brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, on trial or appeal, shall be entitled to his reasonable attorney's fees to be paid by the losing party as fixed by the court.

18.10 Tenant's Right to Perform Landlord's Duties. If Landlord fails to perform any of its duties under this Lease within ten (10) days following its time for performance of the same, Tenant shall have the right (but not the obligation) to perform such duties on behalf of Landlord, at the expense of Landlord and without further notice to Landlord, and all expenses incurred by Tenant in performing such duties shall be paid by Landlord to Tenant, together with interest thereon at the rate of seven and one-half percent (7.5%) per annum; provided, however, Tenant is hereby granted the right to set off against rent and other sums owing to Landlord hereunder all sums to be paid to Tenant under this Paragraph 18.10.

18.11 Trustees Individually Liable. If the Wagner Living Trust should dissolve or for any reason cease to exist, Gordon N. Wagner and Peggy M. Wagner shall, jointly and separately, succeed to all of the Wagner Living Trust's rights and responsibilities under this Lease as if this Lease were entered into between Hawker Pacific and Gordon N. Wagner and Peggy M. Wagner in their individual capacities.

18.12 Execution in Counterparts. This Lease may be signed in two or more counterparts, each of which shall be treated as an original but which, when taken together, shall constitute one and the same instrument.

18.13 Representations of Signatories. Landlord and Tenant have executed this Lease on the dates opposite their names. The party executing this Lease on behalf of Tenant represents and

warrants that the party is authorized to bind Tenant to this Lease. Gordon N. Wagner and Peggy M. Wagner represent and warrant that they are executing this Lease on behalf of themselves in their individual capacities and on behalf of the Wagner Living Trust as the Co-Trustees of the Wagner Living Trust.

XIX. OPTION TO RENEW

Tenant is hereby granted the option (the "Extension Option") to extend the term of this lease for one (1) period of five (5) years (the "Extended Term"), commencing on the date immediately following the Expiration Date. Tenant shall provide Landlord with at least ninety (90) days prior written notice of Tenant's election to exercise the Extension Option. The Extended Term shall be governed by the same terms and conditions as contained in this Lease. Rent for the Extended Term shall be the same as if the rent under the Lease had continued uninterrupted through the Extended Term with all necessary CPI adjustments pursuant to Paragraph 4.0.1.

(Signature Page Follows Immediately)

Exhibit S

EXHIBIT S

Request # 18, 19 and 20 to Basinger Trusts and # 14 and 15 to Wagner Trusts:

Identify all insurance policies held by the Trusts during all periods of time that the Trusts owned the Facility. Provide the name and address of each insurer, the policy number, the amount of coverage and policy limits, the type of policy, and the expiration date of each policy. Include all comprehensive general liability policies and "first party" property insurance policies and all environmental impairment insurance. Provide a complete copy of each policy.

BW Trusts' Response:

As is common for commercial properties, the insurance for the Facility has been carried by the tenants rather than the property owners during the period of the BW Trusts' ownership. There are no originals or copies of insurance policies for the Facility in the possession, custody or control of the trustees of the BW Trusts.

The current tenant, Hawker Pacific Aerospace, may have information regarding insurance policies covering the Facility from April 1987 to the present.